



Daily Report

Latin America

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ACP Countries Discuss EEC Aid Proposals

FL 1308021691 Bridgetown CANA in English
2001 GMT 12 Aug 91

[By Colin King]

Bridgetown, Barbados, Aug 12, CANA—Caribbean countries in the African, Caribbean and Pacific (ACP) group are meeting here to make compromises on how proposals for projects costing U.S. 451 million dollars can be accommodated by the 103 million dollars allocated by the European Community (EEC) under the Fourth Lome Trade and Aid Agreement. Proposals submitted by individual member states and sub-regional groupings at a technical meeting in Guyana in February are now being discussed within the so-called Caribbean forum.

After a short opening session Monday morning, the two-day ministerial meeting recessed for informal consultations among delegation heads, apparently in an effort to forge accommodations in keeping with calls at the opening for "compromise and co-operation." New members the Dominican Republic and Haiti are among the 15 Caribbean ACP members to benefit from the regional funds indicated by the EEC under the Lome pact signed in December 1989.

"Let us, in a spirit of cooperation and compromise, approach our discussions constructively, set realistic goals, and map out a correspondingly practical strategy to achieve them," Barbados' Junior Finance Minister Harold Blackman urged participants. Caribbean Community (Caricom) Secretary General Roderick Rainford urged agreement on a collective approach for using the regional project funds, and on means for the forum's "continuity and effectiveness."

Suriname's Ambassador John Kolader told the session that the task before the meeting is to shape the varied proposals into a programme.

The 13-member Caricom and the EEC earlier agreed to focus regional projects on the themes of: economic integration and cooperation, particularly in trade;

tourism; agriculture; fisheries; transportation and communications; and sustainable development, particularly in human resource development and the environment. Member countries have submitted a variety of projects for regional consideration within these themes, among them proposals which overlap and can therefore be integrated to serve widespread needs.

One participant told CANA, however, that as in past programming exercises, many proposals do not offer wide regional benefit, but reflect particular national interests. Such proposals will probably be eliminated, or become the subject of compromises, as the formal and informal discussions proceed, he said.

According to a senior technician, as of the start of the meeting, some 300 million European Currency Units (one ECU = 1.142 U.S. dollars) needed to be trimmed from a total of 395 million worth of proposed projects. The indicated funding level available is ECU90 million.

Some participants said the selection of projects has become more thorny since the two new Caribbean beneficiaries raised the relevant population of some six million by more than 10 million, while the resources indicated for the region have only increased from ECU73 million to 90 million.

Grenada's Finance Minister George Brizan, on behalf of Caricom ministers, however, welcomed Dominican Republic and Haiti, telling the opening that the new participants "enhance our deliberations and strengthen the region's (future negotiating) hand."

Both Rainford and Kolader emphasised the need for urgency in programming and implementation under the Lome funding arrangement. Observing that availability of international donor funds is on a down trend, Rainford said there must be appreciation that urgency in programming is needed when "this is being pursued in a situation where one and a half years of the five-year funding programme under Lome IV have already passed."

Kolader called for more speed and efficiency in programming, implementation, and monitoring by the beneficiary countries and for more speed in the European Community's decision making and funding.

Cuba**Unconfirmed Report States Fidel Castro Dead**

PA1208183291 Managua Radio Corporacion
in Spanish 1530 GMT 12 Aug 91

[Text] We have been informed that Fidel Castro died early this morning as a result of a heart attack. We contacted several international agencies and none of them could confirm the report. However, at this moment we have been informed by responsible individuals who are watching U.S. cable television that the U.S. stations are broadcasting last minute reports to the effect that Castro died as a result of a heart attack.

We are going to call Miami to try to attain factual information or confirm this report. We received this information on the morning of 11 August and we attempted to confirm it but no one knew anything. Today, however, responsible individuals who receive the cable signal in their homes have seen the report by the leading U.S. television networks.

We will try to make some contacts and then confirm or deny the report of Fidel Castro's alleged death.

Castro Seen at 11th Pan-American Games**Talks to Athletes**

FL1208195291 Havana Cuba Vision Network
in Spanish 1700 GMT 12 Aug 91

[Text] Yesterday, the 4 X 400-meter men's relay Cuban team was able to obtain the 100th gold medal for Cuba. Our commander in chief held a brief meeting with them shortly before the award ceremony was held.

[Begin recording] [audience applauds and cheers]
[Castro] You did a great job! You did a great job!
[repeats]

[Unidentified athlete] [Words indistinct]

[Castro] What is the Pan-American record time?

[Athlete] Two-fifty-nine point six, which they did in Indianapolis, but they have the third best score in the world.

[Castro] Was this record set today?

[Athlete] No, this is the national record.

[Castro] How is Roberto [not further identified] doing?

[Athlete] He is better. He had a sprain. We took him to Ameijeiras Hospital and they [words indistinct] this relay team is also the one going to the world Olympic Games.

[Castro] We have another Mestro there.

[Athletes] [Words indistinct]

[Castro] Are you going to Tokyo? You are going to give them the same headache. Are you not?

[Athlete] For sure. [words indistinct]

[Castro] We were almost certain that the women's team was going to win the gold medal. We have received the 99th gold medal. Do you know what happened with cycling?

[Athletes] Let us go to the award ceremony. Excuse us.

[Castro] I will be going over there. Tell Morales I am going to pin the medal on him. [Words indistinct]
[applause] This 4 X 400 relay event won the 100th gold medal. [applause and cheers] This is a historic event. They should go to bed if they are sleepy. Since they do not have to run anymore they may be relaxed and go to bed late. When they go to bed tonight, if they can fall asleep, they should remember that they won the 100th gold medal. [applause] [end recording]

Answers Questions

FL1208215691 Havana Tele Rebelde Network
in Spanish 2042 GMT 12 Aug 91

[Interview with President Fidel Castro by Rafael Daniel during the Pan-American Games in Havana on 12 August—recorded]

[Text] This afternoon, our Commander in Chief Fidel Castro [corrects himself] not this afternoon but a moment ago, visited the bowling alley where the Pan-American bowling games are being held. This is the only sport that is making its debut during these Pan-American Games. He was interviewed there by our reporter Rafael Daniel. Let us watch.

[Begin recording] [Daniel] Commander, we would like to know how you see the development of the games up to today?

[Castro] How have I seen the development of the games? Very well. Very well. [repeats] They have been of very good quality. Very interesting. I have personally seen some competitions and watched others on television. I think they have been excellent.

[Daniel] What do you think about the number of medals we have received so far?

[Castro] I believe it has been a good harvest.

[Daniel] Did you personally expect this number of medals from the Cuban athletes?

[Castro] Well, not as many. I see that the competition is tougher and tougher. Countries are paying more attention to sports, although they still pay little attention overall. Unfortunately, there is a long way to go before the countries pay the attention they should to sports. The day will come. I see that the Mexicans and Brazilians are paying more attention to sports. This makes the competition better.

[Daniel] If I asked you to make a prediction about what Cuba could do from now until the 18th, what would you tell me?

[Castro] Prediction of what? Of medals?

[Daniel] Yes, of medals.

[Castro] Well, the competitions that are awarded the most medals are coming to an end. Team sports such as volleyball and baseball and others are still left. Yesterday, I saw the handball game. You know these sports can only end with one medal. It is (?not) very fair. Some of these competitions last two weeks. At the end, the winning team gets the title and it is counted as one gold medal.

Weight-lifting competitions yielded many medals. They set true records. Rowing and canoeing also yielded many medals. We had some problems with women's gymnastics because of the athlete who was hurt. Yesterday, we won the 4 X 400 relay. This was unexpected because of the fact that Roberto was injured. I am truly very pleased. The women's basketball game with the American team was phenomenal. It was one of the most impressive things I have seen. It was unexpected because of the history and the records. The Brazilians played well. They were able to cancel out the two in the first half; Hortencia and the other one, Paula. They are phenomenal in their accuracy in throwing baskets. They look as though they have a laser ray straight to the rim. They have an outstanding precision. I had never seen such accuracy from any distance, angle, or direction.

[Daniel] Well, you know that many athletes are watching this interview through the Pan-American channel. Do you want to say something to the Cuban athletes who have participated in these Pan-American Games?

[Castro] Well, I imagine that some of them are warming up and training, and others are talking to relatives [words indistinct] warm greetings with all the admiration they deserve for what they have done.

[Daniel] Thank you very much, Commander. [end recording]

Watches Bowling Match

FL1208224691 Havana Radio Reloj Network
in Spanish 2227 GMT 12 Aug 91

[Excerpt] Commander in Chief Fidel Castro appeared at the great Plaza de la Revolucion bowling alley where U.S. athlete Patrick Healey and the Venezuelan Luis Serafin are competing for the individual gold medal of the Pan-American men's bowling championship. [passage omitted]

Presents Bowling Awards

FL1208234691 Havana Radio Reloj Network
in Spanish 2332 GMT 12 Aug 91

[Excerpt] Commander in Chief Fidel Castro, who witnessed this afternoon the grand finale of the singles bowling championship of the 11th Pan-American Games, has presented awards to winners in the men's and women's divisions. [passage omitted]

Comments on Medals

FL1208232991 Havana Cuba Vision Network
in Spanish 1700 GMT 12 Aug 91

[Excerpt] Our commander in chief was at the final handball game when the gold medal was awarded. Our reporter Jorge Quevedo talked with the top leader of the Cuban Revolution.

Fidel Castro attended and handed out awards when our country's handball men's team won the gold medal by defeating Brazil in overtime, 27-25 goals [words indistinct] exclusive interview for the Cuban television.

[Begin recording] [Castro] It was tough. We won. We were losing the game and won it again. The score was 16-11 in the second half. We were a little careless and they got ahead of us. We managed to tie the score with just a few seconds left. This heated up the game in the last 10 minutes. [chuckles] These people were brilliant.

[Quevedo] You have felt the excitement because you have been at various installations. What do you think about the performance of the Cuban athletes?

[Castro] The handball team is tough. It is as tough or tougher than any other team. It has been very exciting.

[Quevedo] Since you have been at almost every installation, what do you think about the performance of the Cuban athletes?

[Castro] Very good, very good in general. After the baseball team, the basketball team's performance yesterday was very good, excellent. The game in which we defeated the Americans was first rate. It is one of the best games we have seen. I have seen them all.

[Quevedo] We surpassed the medal we won in Indianapolis.

[Castro] The 100th medal was won by the 4 X 400 relay team. I believe that with this one we have around 104 or 105. I am referring to gold medals. The total number of medals has surpassed 200.

[Quevedo] Do you think that the Americans will win the same number of medals we have?

[Castro] Perhaps the total number of medals. They still have swimming events. They are very strong in swimming and many medals are awarded in these events. However, I do not believe they will get the same number of gold medals. I do not believe they will have as many

gold medals as we do. We will have to figure it out. Some sports such as volleyball and baseball are played for a whole week or two weeks and a medal is won. I believe that the lead.... [rephrases] Who knows how many gold medals the Americans have won up to today?

[Unidentified speaker] (?Seventy-eight).

[Castro] Is that what the Americans had? In that case, they might surpass the number of gold medals we have won because of the number of medals they could win in swimming. In any case, what else can be asked of these people?

[Quevedo] We surpassed the 100 medals.

[Cuba] We surpassed the predictions. We have won many unexpected medals. The people competing in rowing and canoeing won 18 gold medals and the weightlifters have set an Olympic record. [passage omitted] [end recording]

Fernandez, Rosales del Toro Attend Gathering

FL1308004791 Havana Cuba Vision Network
in Spanish 1700 GMT 12 Aug 91

[Text] A fraternal gathering among Cuban and foreign military athletes participating in the 11th Pan-American Games has been held in Havana with Jose Ramon Fernandez, chairman of the Pan-American Olympic Committee, and Division General Ulises Rosales del Toro, chief of staff of the Revolutionary Armed Forces [FAR], in attendance.

[Begin recording] [Lieutenant Colonel Lazaro Aldama] Sports events gain supporters every day. We military men are not an exception in this healthy and praiseworthy practice. The presence of members of armed institutions is greater and greater in all large sports events. [applause] [end recording]

A Latin American evening of talking and forecasting sports triumphs and strengthening friendship ties among athletes formed in the military began after welcoming remarks were made by Lieutenant Colonel Lazaro Aldama, chief of the FAR Sports Club. Target shooting, equestrian, boxing, and wrestling are sports which have been popular throughout history among men who wear uniforms and boots and carry weapons. During these Pan-American Games, the military athletes come together not to talk about war but to embrace the peace of sports and sing to the future.

ANPP President Escalona Holds New Conference

FL1308021991 Havana Cuba Vision Network
in Spanish 0000 GMT 13 Aug 91

[Text] Juan Escalona, president of the National Assembly of the People's Government [ANPP], held a news conference at the Communist Party of Cuba headquarters in Havana.

[Begin recording] [Rosalia Arnaez] Escalona answered questions regarding future changes in the Constitution. He explained that some of these changes will deal with the electoral law and a redefinition of the duties of the People's Government. When asked about future possibilities for the creation of a presidential position, he said:

[Escalona] I confess, it would not make me personally unhappy if this position were created. I think, as a lawyer, having studied our traditions, that this would be a return to our traditions. In 1869, one year before the war for independence began with Spain, we held an assembly in Guaimaro and elected a president of the Republic, Carlos Manuel de Cespedes, and a house of representatives. Since then we have always had a president. So, I think this is something that must be decided and debated, and the definition will be made by December when we consider the program of constitutional modifications.

[Arnaez] Another subject that some journalists were interested in was the reasons behind our single party system.

[Escalona] It is a philosophical and materialistic form of confronting the life and development of a country. [passage indistinct] go abroad and become heroes, legendary heroes, or become ambassadors of the United States at the Human Rights Commission.

[Arnaez] The ANPP president answered questions on the future of tourism in Cuba and expressed that Cuba strives for tourism without prostitution, gambling, and drugs—tourism that anyone with desires for wholesome recreation can turn to. [end recording]

Haiti

Aristide, Quayle Sign Two Aid Agreements

FL1308003891 Port-au-Prince Radio Metropole
in French 1600 GMT 12 Aug 91

[Text] Investment, trade exchange, and democracy were among the topics discussed during the visit of U.S. Vice President Dan Quayle, who was accompanied by important businessmen and the U.S. minister of commerce. Mr. Quayle voiced his support for democracy and the Haitian private sector. Two agreements were signed by President Aristide and U.S. Vice President Dan Quayle.

The first agreement for \$9 million consists of technical aid to the Haitian administration with an automatic release of \$2.7 million. The second agreement for \$250,000, which is renewable yearly, is to be used for the fight against drug dealers. The American vice president commended, among others, efforts made by the Haitian Government in economic reform and the fight against drugs.

Questioned by journalists during a short press conference immediately preceding his return to the United

States, Dan Quayle announced that a possible cancellation of Haiti's debt of \$107 million to the United States would depend upon a previous agreement with the International Monetary Fund.

One of the American businessmen accompanying Dan Quayle, David Rockefeller, when questioned on the possibilities of investment in Haiti, said that it would be a matter of trust, which, he said, is difficult to define. He pointed out the importance of trust in a country like Haiti, which has been devastated in the past by serious upheavals.

Preval To Be Questioned by Chamber of Deputies

Clash Occurs in Parliament

FL1208232591 Port-au-Prince Radio Metropole
in French 1600 GMT 9 Aug 91

[Excerpts] On 8 August, demonstrators wreaked havoc in the Chamber of Deputies. Here is a report from Gallo Joseph.

[Begin Joseph recording] The Chamber of Deputies postponed the session which had been scheduled for questioning Prime Minister Rene Preval about general government policy. According to Deputy Ernst Pedro Caseus, president of the Lower Chamber, this postponement was due to the ill health of the head of government.

In a heated, chaotic atmosphere, Deputy Denis Saint-Fort of Basin Bleu, who was among those to spearhead the prime minister's hearing by the Chamber, said that he feels the Rene Preval government is not competent to fulfill the demands of the population. Prime Minister Preval, he said, must therefore resign his post. Saint-Fort commented that if he were solely responsible for making the decision, the head of government would have already been forced to resign. [passage omitted]

Dully Brutus, Socialist deputy from Limbe, rates the performance of the Preval government as average. He said he is dismayed, however, by the government's arbitrary approach to production control. Deputy Brutus was reserved when asked his opinion of the deputies' projected vote of confidence for Rene Preval, arguing that the deputies have the right to question the prime minister if they feel that things are not going well. [passage omitted]

It was difficult to obtain entry to the Legislative Palace. The highly charged atmosphere was patrolled by about 10 policemen who had been called in anticipation of potential mayhem. The situation was punctuated by insults between security officers and government partisans. Some parliamentarians narrowly escaped attack by an angry crowd who claimed to be members of the avalanche government. [end recording]

Senator's House Vandalized

FL1208234391 Port-au-Prince Radio Metropole
in French 1600 GMT 9 Aug 91

[Excerpt] The home of Senator Turnep Delpé was vandalized by unknown persons on the night of 8-9 August. Window panes were also broken.

The FNCD senator stated that the trouble began when the Chamber of Deputies announced its decision to question Rene Preval.

Senator Delpé is demanding protection for parliamentarians during their terms in office. [passage omitted]

Aristide Pledges Support

FL1308000691 Port-au-Prince Radio Metropole
in French 1600 GMT 12 Aug 91

[Text] Twenty-four hours before Rene Preval is to be summoned to appear before the Chamber of Deputies, President Aristide renews his pledge of support for the prime minister. In a public letter addressed to Rene Preval, President Aristide calls on the parliamentarians to consider their own responsibilities before voting for a change of government. Such a change, he argues, would take a serious toll on negotiations already begun by the government. The head of state praised his prime minister, calling him an honest, correct, clean man who is working for the well-being of the Haitian people and not for his personal interests.

Brother of mine, he writes, I appointed you because you have followed the guidelines provided in Article 159, paragraph 1, and Article 159, paragraph 160, of the Constitution, which outlines the responsibilities of a prime minister. I voted for you because you sacrifice yourself for the Haitian people day and night.

Demonstrators Oppose Parliament

FL1308010491 Port-au-Prince Radio Metropole
in French 1900 GMT 12 Aug 91

[Text] Prime Minister Rene Preval has been summoned to the Chamber of Deputies. An atmosphere of tension prevails in Port-au-Prince 24 hours before the convocation of the deputies and prime minister.

A demonstration of more than 500 people took place this morning before the National Palace. The angry crowd hurled verbal abuse at a deputy passing through the ministries quarter. Moise Pari was rescued by colleagues.

Youthful members of other groups, popular organizations in Port-au-Prince, met with the press this morning to announce that demonstrations would begin outside Parliament on 13 August. These citizen groups oppose the parliamentarians voting the government out of office.

Jamaica

JDF Arrests Hondurans for Illegal Fishing

FL1208204191 Bridgetown CANA in English
1945 GMT 12 Aug 91

[Text] Kingston, Jamaica, Aug 12, CANA—More than 100 Honduran fishermen are scheduled to appear in court here Tuesday to answer charges of illegally fishing in Jamaican waters.

The Hondurans were arrested Friday evening by the Jamaica Defence Force (JDF) Coast Guard inside Pedro Banks, a lobster-rich chain of cays 50 miles south of Jamaica. Authorities said 19,400 pounds of conch and 330 pounds of lobster were found aboard the two vessels.

A police source told CANA investigations were also focused on a missing AK-47 assault rifle, which was declared by the captain of the one of the two ships before sailing from the Cayman Islands. The source said the captain said he had thrown the weapon overboard when he saw the JDF soldiers.

Trinidad and Tobago

Opposition Leader Claims Party Plot Uncovered

FL1308015891 Bridgetown CANA in English
2112 GMT 12 Aug 91

[By Linda Hutchinson]

[Text] Port-of-Spain, Trinidad, Aug 12, CANA—Opposition leader Basdeo Panday said on Monday he had uncovered a plot by some members of his strife-torn United National Congress (UNC) to dissolve the party

and team up with the ruling National Alliance for Reconstruction (NAR) before the next general elections.

Panday, a one-time deputy political leader of the ruling party, who founded the UNC in 1989 after splitting with the NAR, said information in his possession suggested top officials of both the UNC and NAR were behind the plot.

"What I'm doing now is making people aware of this plot, so that when elections for a new executive come up at the end of the month, they will know whether to vote for the NAR-team or for a truly UNC team," Panday told CANA.

The strife-torn UNC executive, with the exception of Panday and General Secretary Kelvin Ramnath, voluntarily resigned from the party three months ago to make way for the election of a new executive.

The problems within the UNC began soon after the executive was elected just over a year ago. Panday, who dissolved his United Labour Front to join other parties to form the NAR in 1985, was accused by members of the UNC executive of ignoring them and having dictatorial tendencies.

General elections are due here no later than March next year.

Panday said the plot was aimed at paving the way for the re-election of the NAR. This, he added, was impossible without the support of the UNC's predominantly East Indian constituency.

"The NAR has infiltrated the (UNC)... The NAR knows that it cannot survive without the vote the UNC can pull, and that's the reason to dissolve the party and unite with the NAR," Panday said.

El Salvador

FMLN Reportedly Bombs Central Reserve Bank

PA1308043391 San Salvador Canal Doce
Television in Spanish 0315 GMT 13 Aug 91

[Report by Fausto Valladares]

[Text] One person was injured, three model homes were destroyed, and the Central Reserve Bank was damaged as a result of bomb explosions in various parts of the capital this evening.

This evening Farabundo Marti National Liberation Front [FMLN] commandos presumably increased their economic sabotage activities against the private sector and the Salvadoran Government.

Urban guerrillas used explosives to completely destroy two model homes in the Metropolis Norte residential project. The houses are valued at more than 200,000 colones. No one was injured in this dynamite attack on the residential project in Zacamil Colony.

[Begin recording] [Reporter] Is this the first time your enterprise has been attacked?

[Unidentified speaker] That is right.

[Reporter] Do you know [words indistinct]?

[Unidentified speaker] We do not know.

[Reporter] How many houses were damaged?

[Unidentified speaker] Those two model houses.

[Reporter] How much does one of these houses cost?

[Unidentified speaker] This one here, approximately 125,000 colones; and that one over there, approximately 50,000 colones.

[Second unidentified speaker] There were two explosions. The first one was the most powerful. It brought down that first house to the left. The second explosion blew up the house to the right. Thank God the watchman and other personnel of this enterprise who have the shift that begins at the time the attack took place had not arrived yet. [end recording]

There was a similar attack at the Espino residential complex, near Ibu Colony, Santa Anita neighborhood. Here the Red Cross had to take away Francisco Antonio Ayala, who was injured by a powerful explosion.

[Begin recording] [Unidentified speaker] At 1840 we were informed of three bomb explosions. One bomb exploded at the end of 25th Street, on South Avenue, at the entrance of Ibu Colony; another exploded in an area where the houses are still under construction; another exploded at the Central Reserve Bank offices, on Ruben Dario Avenue; and another bomb exploded at the model home in the Metropolis Norte residential project, in Zacamil Colony.

It has been reported that one person was slightly wounded as a result of these explosions. [end recording]

The urban commandos also hurled explosives at the old Central Reserve Bank building located between 1st West Street and 5th North Avenue, in downtown San Salvador. No one was injured there, but at least three bank vehicles were damaged.

These have been the most important actions carried out in the capital by urban commandos since the beginning of the guerrilla military campaign called "If the Armed Forces Want Our Weapons, Let It Win the War."

Following the bomb attacks that produced still undetermined losses and injured a civilian, military, and police forces have increased their patrols in the capital.

Nicaragua

Deputy Foreign Minister on Dreyfus Surgery

PA1008204091 Managua Radio Nicaragua Network
in Spanish 1815 GMT 9 Aug 91

[Interview with Deputy Foreign Minister Ernesto Leal by unidentified reporters in Managua on 9 August—recorded]

[Text] [Leal] Foreign Minister Dreyfus was operated on 8 August, as you know, and was taken to an intensive care unit. Today we are happy to hear that he has been moved from the intensive care unit to a normal hospital room at St. Luke Hospital. This indicates that his condition is improving, although recuperation will take a few days. We have been told by his doctors that his condition is very good and that if it continues to improve, he will be back in Nicaragua quite soon.

[Reporter] The Austrian deputy minister of foreign relations is scheduled to visit next week. Could you give us more details?

[Leal] Deputy Minister (Yancovich), who is in charge of foreign cooperation at the Austrian Foreign Ministry, will visit Nicaragua next week. He wishes to hold several meetings and to continue the cooperation arrangements that were started during earlier visits to Austria by the Foreign Ministry and by Foreign Cooperation Minister Erwin Krugger. Minister (Yancovich) will be here for four or five days and will meet with President Violeta Chamorro, [name indistinct], and with the Foreign Ministry to follow-up on the Austrian cooperation with Nicaragua.

This further demonstrates that the concern for the Nicaraguan situation remains important to the international community. The recent visits we have had, such as the visit of Minister (Yancovich), proves this. There is a Soviet delegation here now that is reviewing investments. The vice president of Taiwan will be coming later on behalf of the president of Taiwan, Teng-hui Li.

There are, then, several events scheduled that confirm that there is a world-wide interest on behalf of the international community in Nicaragua, in its democratic consolidation, economic development, and in the true institutionalization of a process that will not retreat. It is a process that is moving forward in the areas of democracy and economic development.

ADN Issues Communiqué Supporting El Indomable

PA1108000291 Managua Sistema Nacional de Television Network in Spanish 0200 GMT 9 Aug 91

["Communiqué" issued by members of the Nicaraguan Democratic Alliance, ADN, on 9 August—place not given]

[Text] We, the representatives of the Northern Front; the Yatama Fighters' Association, [Asociacion de Combatientes de Yatama]; [word indistinct]; the Central Front; and the ARDE [Democratic Revolutionary Alliance], united under the Nicaraguan Democratic Alliance [Alianza Democratica Nicaraguense—ADN], wish to report to the Nicaraguan people and the international community the following:

1. For several months we have expressed our concern about the rearmament of members of the Nicaraguan Resistance [RN] taking place in several regions of the nation as a logical response to the abuses and constant violations of their human rights by members of the EPS [Sandinist People's Army] and by the Government Ministry's security corps, particularly former members of the ominous state security, now the National Police.
2. We, the ADN, take as our own the just demands presented by Commander Jose Angel Moran Flores, alias El Indomable, to the Nicaraguan Government as they are the direct outcome of the government's non-fulfillment of the agreements reached with the RN. These agreements were fundamental to our disarmament, which we undertook in good faith before the eyes of the world.
3. We respectfully demand fulfillment of the aforementioned agreements and request acceptance of Commander El Indomable's just demands for the regions concerned. The purpose of our demands are to attain the longed for peace that today is threatened by the polarized attitudes of individuals interested in preventing the peaceful reintegration into civilian life of demobilized and repatriated fighters, who, trusting these agreements, had returned to their fatherland.
4. We request the immediate intervention of the guarantors of our disarmament, the CIAV-OAS [International Commission of Support and Verification-Organization of American States]; of the Investigation Commission of Cardinal Miguel Obando y Bravo; and of human rights organizations, to end the systematic harassment and massacre of demobilized and repatriated fighters and their relatives. These actions have now been institutionalized throughout the nation.

5. ADN will undertake all peaceful means to obtain fulfillment of the agreements, which are currently being threatened by the FSLN [Sandinist National Liberation Front].

6. We reiterate, once again, our unconditional support for President Violeta Chamorro and we trust in her immediate intercession to end this situation that is threatening the peace of all Nicaraguans.

Sandinists 'Only Ones Who Can Topple' Chamorro

PA0908194391 Panama City ACAN in Spanish 1244 GMT 8 Aug 91

[Report by Filadelfo Martinez]

[Text] Managua, 8 Aug (ACAN-EFE)—The Nicaraguan National Assembly President Alfredo Cesar has said that the Sandinists are the only ones who can topple President Violeta Chamorro "because they are the ones with the weapons in this country."

In statements to ACAN-EFE, Cesar asserted that, contrary to former President Daniel Ortega's allegations in Mexico at the beginning of August, he does not intend to topple Chamorro by manipulating the Legislative Assembly. Ortega had stated then that Cesar, as a CIA agent, had tried to create artificial problems in order to put the former *contras* in power. "This is not the first time Ortega has slandered me and attributed crazy actions to me. He has also done this to other Nicaraguan personalities such as Cardinal Miguel Obando y Bravo and President Chamorro herself," said Alfredo Cesar, the former leader of the dismantled Nicaraguan "*contras*."

Cesar added that during the almost 11 years—from July 1979 to April 1990—of Ortega's leadership, he had accused Obando y Bravo of having ties with Somozism and Chamorro of getting her house by exploiting the workers of the Managua LA PRENSA newspaper, which she partially owns. According to Cesar, Daniel Ortega would do well to focus his attention on getting his followers, "who continue to destabilize the government, to carry out a democratic and not a destructive opposition."

He stressed that, although the Sandinists are "theoretically able" to topple Chamorro, "they could not do so because if they tried to use violence, the Sandinist Front would sink before the Nicaraguan people and the international community, which would not accept such an illegal act."

The legislative leader also denied that he creates "false problems" to "correct abuses" committed by the previous government. The main leaders of the previous government are charged with having handed out urban properties and land, something which is known as the "pinata-like Sandinist giveaway." According to Cesar, it is necessary to legislate over property in Nicaragua to contribute to the establishment of a state of right and ensure hundreds of millions of dollars in foreign investment that the country urgently needs. "On the matter of

property, President Chamorro herself has marked the road to be followed. She has reaffirmed that if the Sandinists are honest, they will return the properties they took illegally," he added.

Cesar also stressed that Nicaragua is facing a "difficult and complicated" process in constructing "a full democracy" that must employ the force of the "law over brute force and weapons."

Furthermore, the politician said that the National Assembly—which the 39 Sandinist deputies withdrew from last July—is the body with the most responsibility for "consolidating the state of right."

Recontras Take Over El Coco Community 11 Aug

PA1308021991 Managua Radio Nicaragua Network
in Spanish 1815 GMT 12 Aug 91

[Report by Francisco Leon Caceres]

[Text] First Lieutenant Burke Galeano, who is the Nueva Segovia deputy police commander, has reported that a group of approximately 60 recontras took over the El Coco rural community on 11 August. This community is approximately 30 km to the southeast of Quilali. The officer said recontra leaders Chele Rafael and Caracol—both followers of El Indomable—commanded the group. It was reported that the recontras at El Coco have not clashed with public order forces up to now. The regional and departmental government's offices have still not reported the event. Peasants, who managed to leave the El Coco area, have reported that the recontras are demanding security for their forces. However, Burke Galeano stated that, in any case, they should be the ones to demand security as they suffered more deaths during the recent confrontations in Quilali. The possibility of several recontra groups starting to regroup in the Quilali area is a matter that causes serious concern in the area because it could prompt another attack by these groups. Since the takeover of El Coco, the situation in Quilali is tense because nobody knows what to expect of the scheduled talks between the government and El Indomable.

Panama

Government Takes Steps To Recover Noriega Funds

PA1208200691 Panama City LA PRENSA in Spanish
12 Aug 91 p 1A

[Report by Manuel Alvarez Cedeno]

[Text] A high-ranking Panamanian Government source has confirmed that the Panamanian Foreign Ministry is taking steps to recover monies that deposed general Manuel Noriega deposited in a bank in England.

Deputy Foreign Minister Jose Mulino said that the Foreign Ministry can verify the fact that certain funds that Noriega is believed to have taken are in England. The Foreign Ministry is a channel for their recovery, he said.

The high-ranking Panamanian official did not identify the bank in England in which Noriega made deposits, but various investigations indicate that the deposed general deposited money in the Panamanian branch of the Bank of Commerce and Credit International (BCCI), which also operated in Great Britain.

Noriega was ousted by U.S. troops who invaded Panama on 20 December 1989. President Guillermo Endara's government has said that it wants to recover the funds that the last head of the disbanded Panamanian Army "took from the Panamanian people."

Although no official figure has been given, some observers have said that the deposed general deposited over \$200 million outside the country. Other observers maintain that the figure is much higher.

"The process is continuing. The Panamanian Embassy in England is closely following the steps taken to recover the funds," Mulino said.

The deputy foreign minister indicated that other steps remain to be taken "about which I prefer to remain silent" until the funds for contracting lawyers become available.

Mulino said: These are very costly transactions. You, a journalist, should understand that these are not government-to-government negotiations but matters in which the Republic of Panama is participating in a process in another country.

Mulino said that "political decisions do not play a part" in these judicial undertakings. We (Panama) have to contact a lawyer and proceed like any other individual or organization. This will mean high economic costs to us because lawyers charge high fees to get funds unfrozen—not just Noriega's funds but also other people's."

Trial Proceedings Against Noriegas Requested

PA1208160391 Panama City LA PRENSA in Spanish
12 Aug 91 p 1A

[Report by Vilma E. Figueroa]

[Text] Ana Cristina De Leon, district attorney for the third circuit, has asked the Third Circuit Court to initiate trial proceedings against former general Manuel A. Noriega and his wife, Felicidad Sieiro, on charges of crimes against public administration to the detriment of the state.

In the request for a trial, the district attorney informs Judge Elzebir Troya that an in-depth analysis of the files regarding the acquisition of La Escondida estate by the Noriegas reveals that the couple was extensively involved in the illegal appropriation of valuables and state property.

The ill-gotten state property includes lands and assets of the state-owned Citricos de Chiriqui company, a large number of wooden posts designated for the exclusive use

of the Institute of Hydraulic Resources and Electrification, 600 pieces of PVC pipe taken from the main depot of the IDAAN [National Water and Sanitation Institute], 3.3-km of asphalt roads on the La Escondida estate, and 85 head of livestock, including a buffalo, 31 of which had the brand CB, that of the state-owned Bayano Corporation, overbranded with the initials MAN (Manuel A. Noriega), and MER (Felicidad Sieiro de Noriega) [as published].

The district attorney added that, since the Noriegas are not in the country, their respective statements are not included in the case file but, thanks to recent amendments to the Judicial Code, this is not an impediment to bringing them to trial.

The case file establishes that La Escondida owner Juan Bautista Perez Sanchez was forced to sell his farm at the insistence of, and because of threats from, former legislator Otilio Miranda.

Possible Reestablishment of Ties With Cuba Noted

PAI208154291 Panama City LA ESTRELLA
DE PANAMA in Spanish 12 Aug 91 p 32-A

[From "The Griper" column]

[Text] A Legislative Assembly source has reported that Christian Democratic Party legislator Jose Antonio Sossa and Democratic Revolutionary Party legislator Alberto Aleman Boyd will be traveling to Cuba on 19 August. Legislator Olimpo Saez is currently in Havana amid rumors that diplomatic relations with Cuba will be reestablished.

Roundtable on Central American Integration

PAI208164691 Panama City Circuito RPC
Television in Spanish 1600 GMT 11 Aug 91

[The "Let's Find Solutions" program moderated by Julio Miller, RPC Television news director, with Deputy Foreign Minister Raul Mulino; Juan Antonio Nino of the Panamanian Association of Business Executives, APEDE; Deputy Commerce Minister Ricardo Fabrega; and Economist Guillermo Chapman, at the RPC Television studios in Panama City; date not given—recorded]

[Text] [Miller] Mr. Mulino, there are many doubts and fears over the issue of Panama's integration with Central America. The situation is not very clear. What is the Panamanian Government's official position on this matter?

[Mulino] Julio, I believe it is important for me to explain a little of the history behind the idea of Panama's integration with the Central American isthmus. In June 1990 President Guillermo Endara Galimany was invited as an observer to the summit of Central American presidents in Antigua, Guatemala. As of that moment Panama adopted a seat as an observer at the Central

American presidents' meetings. President Endara very clearly stated in Antigua, Guatemala, that the process whereby Panama would integrate with the Central American isthmus would have to be broadly debated and profoundly considered by each one of Panama's sectors because ours is a different country, a country whose economy and economic outlook differ from those of the five countries that traditionally comprise Central America.

As of that moment the Panamanian Government began taking specific steps toward initiating this dialogue, this study, this getting to the bottom of the integration issue. These dialogues and consultations have not yet concluded; on the contrary, I believe we have reached the phase where we can take firmer and more decisive steps toward seeing just how, under what concepts and premises, Panama can be incorporated into the Central American isthmus without allowing that important step to considerably affect our economy.

[Miller] Do you all truly believe that integration will benefit the country?

[Mulino] I honestly believe that Panama cannot withdraw from the universal trend of forming economic blocs to achieve increased progress and well-being for the many peoples of the world. Panama cannot go on maintaining bilateral relations with other countries because this new integration concept has virtually displaced the formal bilateral relations that once existed with regard to economic aid, cooperation, assistance, and even the strengthening of economic institutions.

The powerful nations, the powerful blocs—meaning the United States, EC, and Asian countries—no longer offer aid in terms of: here, take this, as when one offers charity. When they offer aid to small countries and developing nations they tell them to find ways to negotiate, to jointly agree on what their needs and priorities are, and to arouse the large countries' interest in coming to these parts of the world—in this case Central America—to support them and help them help each other to generate sources of wealth and development, which our countries obviously need.

This is a universal trend; I do not mean to say that it is fundamentally the reason why Panama adopted such a decision. The government has been consulting with the private sector. From the outset I took a personal interest in bringing the private sector into the discussion. APEDE [Panamanian Association of Business Executives] led the initiative and today, through its economic studies commission, and as a member of Panama's mixed integration commission along with other important private sector members, we are conducting serious and very profound studies on ways for Panama to integrate with the region.

[Miller] This means that the official position is to integrate with Central America?

[Mulino] The official position is to stop being—as recently happened at the El Salvador summit—an observer country and to become an active member of a process to integrate Central America. I believe this is very important. It must be understood that Panama is not already fully, 100 percent, integrated with the Central American isthmus. Panama has taken decisive steps toward integration in certain areas and sectors that will not harm our economy.

This has been clearly explained to diplomats from the Central American nations and to their ministers of economy, integration, and foreign affairs, who perfectly understand Panama's situation. We have been very honest with them. There are certain sectors with which, obviously, Panama can integrate. There may be others that we cannot join and they understand that. Nevertheless, we need very serious elements of judgment to be able to state just how and when we will integrate in those areas open to us.

[Miller] Mr. Nino, APEDE has been considering this issue. How do you see the benefits versus the negative consequences that may emerge?

[Nino] We made a survey by sector... [pauses] a survey that was called Options and Problems in Panama's Integration With the Central American Isthmus. In this survey we first reviewed the situation of the Central American countries. They are all striving to achieve permanent democracy and overcome poverty using the same mechanisms that the world is adopting—meaning almost all the nations in the world.

[Miller] What did the survey show?

[Nino] That is what I am getting at. The survey revealed that all the Central American countries are involved in a search and they are receiving the benefits of cooperation among countries through that integration, particularly on a complementary basis. When they see Panama, they see a country that will complement the things that the Central American countries lack, particularly on a tertiary level.

[Miller] Dr. Fabrega, Central America is weaker than Panama, from an economic viewpoint. What has prompted this decision, which came as quite a surprise?

[Fabrega] I would not say that this integration was such a surprise. What was announced is basically the intention to integrate with the Central American bloc in a gradual, progressive way—and it has caused more apprehension than it really should have. For practical reasons, we have been integrated with Central America for a long time—from a geographical, a cultural, even a commercial viewpoint. We have traded with the Central American countries for many years, through bilateral free trade treaties.

What we are trying to do is basically start a dialogue with the pertinent private groups to determine in which other areas we could integrate with Central America—

provided that it is advantageous for Panama and, in a certain way, advantageous for Central America.

[Miller] Dr. Fabrega, Panama has always had a deficit in its commercial exchange with Central America. Panamanian industrialists insist that this exchange or negotiation...[corrects himself] this integration with Central America will have negative repercussions for our national industry, because it will result in the closure of enterprises and hundreds of people being left unemployed. Have you made a realistic survey of what this might cause?

[Fabrega] First, our trade deficit with Central America is real. We must bear in mind something else. Up to now our trade relations with Central America have only involved those industrial products that are included in free trade agreements. We have not traded with Central America in other areas in which we really have a comparative advantage, such as banking, services, and insurance, which I also believe could be part of the Central American integration. Meanwhile, the Central American common market, as it is known today, still faces some trading problems. Some of these problems are partly responsible for the deficits we have in our balance of payments with regard to our exports to Central America. One of them—perhaps the most common as some industrialists may have mentioned—is the problem with payments, because they need to get their foreign exchange from their respective central banks and sometimes it is not easy to obtain it. That is why there are problems in our exports to Central America. Some of our industrialists say that in view of the difficulties that exist in this regard, they have decided not to export to Central America.

[Miller] Dr. Chapman, you have studied the matter. If we look at the situation from Panama's point of view, what could be the benefits and the costs or consequences that result from an integration of this kind?

[Chapman] To evaluate the benefits and the costs, I believe that we must first look at Panama's situation. Panama needs to open its economy and it needs to make extremely important adjustments to be competitive. To take advantage of all of these economic adjustment measures, we must find markets. That leads us to determine that Panama—as the deputy foreign minister has said—cannot be left along the wayside of the world integration process.

Having said this, we must determine if the quickest and most efficient way of doing it is through Central America. Let us see what the Central American people are doing. In mid-July the Central American presidents held a summit in San Salvador. President Guillermo Endara also participated. They signed an agreement in which they outlined where they are going. In economic terms, they are headed in the following direction: they want to eliminate or lift all trade barriers for basic

agricultural products by 31 December 1991 and lift trade barriers for all agricultural products in the Central American region by mid-1992.

A second important goal is the establishment of a unified common tariff with the rest of the world by 31 December 1992. According to the Central American scale, there would be a maximum ad valorem tariff of 20 percent for products coming from outside the region and a minimum tariff of 5 percent, with some exceptions, the maximum tariff not being enforced until 1994. The Central American presidents also proposed that the countries should negotiate as a region, through quick legislative procedures, with the United States, to achieve a free trade agreement with the United States. As the deputy foreign minister explained to me when I questioned him a few days ago, it was understood during the San Salvador negotiations that Panama would not necessarily participate in this process at the pace I mentioned earlier, as quickly as the other Central American countries. However, if we are going to integrate ourselves into Central America, sooner or later we would be lifting trade barriers and we would have a common low tariff with the rest of the world.

The question we have to ask ourselves is: If it is going to take place at such a fast pace, can Panama politically absorb the cost of making those adjustments? My answer is no. My answer is that this country, which has been used to high levels of tariff protection and political trauma, as well as the massive intervention of the state in the country's economic policy and in activities of the market economy, has to make very important adjustments before benefiting from integration. Meanwhile, those of us who have followed the Central American process ask ourselves if Central Americans can do it at the pace that the presidents have established. I believe one or two countries, possibly El Salvador and Costa Rica, are thinking along the lines established by the presidents. The rest of the countries have problems that are very similar to those of Panama. There have even been problems of internal war, bloody wars in Central America with serious trauma that they must overcome. I also believe that to achieve this process, the people of Central America will have to negotiate internally and make internal adjustments, which will be a slow, costly, and painful process. If this will eventually lead us to our integration with the Initiative of the Americans by means of a free trade agreement with the United States, I ask myself if the most appropriate way is for Panama to go along with this extremely complicated process with Central America. It implies a series of problems that have already been mentioned, such as the questions you have been raising with regard to the deficit we would have with Central America.

If we were to lift all restrictions that apply to Central America, there would be an invasion of certain products, especially farm and livestock products. I would answer by saying that if we decide that the solution to our economic dilemma is to join Central America, the costs that such a process may involve—including the cost of

delaying adjustments and postponing negotiations with the large markets of the wealthy countries where we can create new trade levels—could be very high.

[Miller] Under those conditions, Mr. Chapman, would it be better or more convenient for Panama not to promote this integration?

[Chapman] I do not consider it convenient for us to promote integration at this time because this would be like sweeping our problems under the rug to postpone facing them just because the study by APEDE says: Our justification for participating in the Central America Market is that we will widen our market and become more competitive, and in being more competitive we will gain greater negotiating power to sign a treaty with a larger market. This I believe is a fallacy.

The lack of competitiveness of the Panamanian economy is not a problem of scale or market size. It comes from the distortions in the work force, which stem from the legislation adopted by the dictatorship. It also comes from high port costs, high power and water costs, and inefficiency in transportation. There are a series of real problems that we must face to be competitive. If we get involved in an integration process without attacking these problems, in the belief that the lack of competitiveness is a problem of scale or market size, we would be making a terrible mistake that would force us to compete under highly unfavorable conditions, without having made the necessary adjustments to our economy.

[Miller] Dr. Chapman has made several statements that we find important, such as that there will be an integration process without having tackled the basic legislation and the problems of high costs that face industry. Mr. Mulino, how do you view Dr. Chapman's statements?

[Mulino] I believe Dr. Chapman is right in stating the need for Panama to become more competitive, whether or not we are a part of Central America or any other block. When we were working on the document that the presidents signed in San Salvador in July, we paid special attention to including in the paragraph that relates to Panama, those conditions that would be decided on by Panama before taking any steps toward integration, bearing in mind our national reality. The paragraph within the San Salvador Statement that relates to Panama and defines what Panama has committed itself to clearly states that the active incorporation directed at integration with Central America must take into account the new economic and social policies of the Republic of Panama and the recommendations that the Joint Commission on Integration will make to the Panamanian Government before making any decisions.

I believe that this is a very important issue that sets a decisive pace for the steps Panama will take with regard to Central American matters and will have a direct effect on what Panama will produce once it has undergone a modernization process as a state. I believe that Dr. Chapman is an authority on this, and that I cannot

object to what he has said. I believe it is very important for Panama to modernize its economic structures first, and then take competitive steps toward opening its markets, lifting restrictions on imports, and so on.

The Central American states were very interested in the multilateral aspect of their commercial relations among the Central American countries. This means that if Panama has a treaty with Costa Rica on this or that aspect, that treaty must be diversified to include the other countries under the same terms. This caught the attention of all the technical commissions that participated in the preparatory meetings at which Minister Linares and I were present. We felt that this could clash with internal economic policies, therefore, in that paragraph of the statements concerning Panama, it was recommended that technical studies be carried out to meet the multilateral aspect of commercial relations with the countries of the isthmus.

[Miller] It has been said here that the cost for Panama will be much greater than the benefits, plus having all the inconveniences of integrating with Central America. How do you see this at a government level?

[Mulino] On this matter, I believe we have to separate certain things. A great deal of emphasis has been placed on the fact that the Republic of Panama has to enter the Central American Common Market. I believe we are talking about a program that is much more encompassing than Panama entering a common market. Perhaps one of the things that will take place with integration will be our entering the common market. However, what Panama observes, what has always been proposed, and what stands out at the meetings we have attended is the importance of getting countries, which are basically the same, to unite so that we can confront important challenges together. What type of important challenges? 1) To resolve the problems of extreme poverty in our region; 2) To get our countries, which have common hopes and needs, to unite and as a block to confront important challenges such as the Initiative for the Americas that is still very much up in the air. I believe this is a program that is still not clear in our minds. What does the Initiative for the Americas entail? What opportunities does Bush's plan for the Americas offer? There is another U.S. Government initiative called the Association for Democracy and Development. Central America, and obviously Panama, view this initiative approvingly and should confront it in a joint manner.

[Miller] Do you continue to believe this is appropriate for Panama?

[Mulino] I believe the convenience or inconvenience will come up in the studies that are to be carried out. Up to now we have made the political decision to enter the integration process and we will take steps in this direction once we seriously and responsibly hold talks and consult with all the pertinent sectors. I believe we stopped being observers because we could not responsibly continue to stand by at a debate and not contribute to it because we were not active

members. Furthermore, interesting ideas and initiatives came up at these debates—for example, the proposal that we confront the Initiative for the Americas together and the ways in which Panama could join this initiative. If we continued to be observers we would have to let the train go by and miss our opportunity.

[Miller] Dr. Chapman, what do you think of this proposal?

[Chapman] Almost everyone who has studied the issue of the trade of goods between Panama and Central America says that Panama will end up the same way its bilateral relations have ended—with a deficit. A deficit poses the problem of someone having to finance our deficit and Central America is not going to do that for us. Thus our position is that we are going to get into debt with other countries to finance a deficit with Central America and to buy products that are of inferior quality and higher price than those we can get from other countries. It is contended that we will compensate for the commerce deficit with the benefits we will obtain in the service areas. I really do not see these benefits. The study conducted by APEDE—APEDE has made several, very interesting and serious studies of the matter and it should be applauded for this—with regard to transportation shows that our port, maritime, land, railroad, and air transportation costs are considerably higher than in Central America. We cannot compete in this field. It is contended that the Panamanian banking sector would obtain great benefits. Let us suppose—using all our imagination—that all the Central American countries deposit all their foreign exchange resources in Panama. I really do not see this happening even if we integrate to the fullest. If this would happen, it would only add a very limited number of jobs to the banking sector and that is it. Their deposits would not generate development. This country has \$15 billion, or I do not now how many billions, in foreign deposits, contrary to the \$40 billion it used to have, let us say, at the beginning of the 1980's. What did we lose with the loss of thousands of millions of dollars in international deposits? The country lost only a couple hundred jobs. The Central American deposits do not make a difference in the development of this country or any country. Now take the Colon Free Zone, one of our most important service export activities. The Colon Free Zone would benefit very little from our integration into Central America. Why? Because integration covers the commerce of products produced by countries that are members in the integration process and not products coming from third countries. Thus, I believe this is the type of feasibility study that can be done on the back of an old envelope. All we have to do is add things up and it is evident that the accounting would be to our detriment. The costs are greater than the benefits.

[Miller] Do you endorse Dr. Chapman's thesis, Mr. Fabrega?

[Fabrega] Part of it. I do not think that we should analyze this separately. We must see, as Dr. Mulino said, that our integration with Central America is part of what we want in a subsequent phase, part of our commercial exchange

via the Initiative of the Americas, and part of the world tendency to negotiate and trade in blocs.

[Miller] When it affects us.

[Fabrega] That is what I am getting at. We cannot, like I said, view this separately. Our integration with Central America will be progressive; it will not happen overnight. What I predict is that the necessary adjustments will be made to our economy by the time this happens. This complements the modernization of our economy, which is being implemented right now. Dr. Chapman talked about inefficiency at the ports, which is true, and steps are being taken to privatize the ports. There was also talk about high energy costs, which is also true, and steps are being taken to resolve this problem.

[Miller] That is being done too slowly.

[Fabrega] Yes, I am afraid that I must agree with you on that, but the important thing is that the steps are being taken in that direction and we hope to step up the process to readjust our economy. We will have problems in our commercial exchange with Central America until this is done. Nevertheless, this integration with Central America does not have to be, as Dr. Mulino said, total and immediate. It can be a partial integration; it can be integration on a large or small scale. The important thing is to....

[Miller, interrupts] Panama has to sign an agreement.

[Fabrega] Yes, that is right. Panama has to sign an agreement and additions can be made to the agreement later, just as is being done with the bilateral agreements. For example, we could continue to operate with the mechanism that has been used so far in the bilateral agreements and we could continue the integration process in that the mechanism is perfected and other aspects of the commercial exchange are perfected. One of these aspects is quite important....

[Miller, interrupts] Have you analyzed the costs that this would involve?

[Fabrega] Excuse me, which costs?

[Miller] The costs of Panama's integration with Central America.

[Fabrega] Well....

[Nino] That is what we will do now. Right?

[Fabrega] What we are analyzing are precisely the costs and benefits that this integration with Central America would represent, but Panama would obviously have a bigger market. Moreover, this integration would take place after we have a broader market—not for Central America, but for the rest of the world. We must bear in mind that industrial protection is part of a scheme that will be progressively phased out. Industrial protection will continue to decrease until we reach the levels, more or less, that currently exist in Central America. As far as competing with Central America, or implementing commercial exchange with Central

America, for all practical purposes we will have commercial exchange with the rest of the world by the time this happens. Consequently, I do not see how this new competition with Central America will cause problems for us, because we will be competing with other, much more developed countries, by that time.

[Miller] Mr. Nino, in the end and after such a complex discussion as this, would you recommend Panama's integration with Central America?

[Nino] These forces, like so many irreversible forces in the world, go beyond what the various sectors in each country can change. The world forces are pushing Panama to join one of these formulas. The Caribbean has come together; Central America is seeking its solutions through a process; Mercosur [Southern Cone Common Market] is in another process; the Andean Pact is involved in another; and the three large countries—Mexico, Canada, and the United States—are working on another. We cannot isolate ourselves. I would like to say that the Central American countries accept our differences. Something I did not mention before is that the existing bilateral treaties only cover 20 percent of what we trade, while 80 percent is traded outside the bilateral treaties.

What does this mean? It means that in Panama there is a great deal of trade with Central America that is not registered under the bilateral treaties. To illustrate this to the Panamanian people, let me say that McDonald's french fries sold in Central America are produced in Panama. The majority of the orange juice or citric concentrate that Dos Pinos, the largest industrial cooperative in San Jose, Costa Rica, uses comes from Citricos de Chiriqui....

[Miller, interrupting] Could this be a thermometer?

[Nino] That is what I am explaining. Nestle's sells more condensed milk in Costa Rica than it does in Panama, and the agricultural trade between Panama and Costa Rica is more beneficial to the Panamanians.

There are many deficiencies and many studies to be done, but we cannot sit and wait for the year 2000 to study the canal and to seriously study the problems of the Central Americans. I believe that this is the time, Mr. Miller, for all sectors—industrial, APEDE, the Chamber of Commerce, and the media—to join together and begin to study a process that I see to be irreversible and for which there are few alternatives.

[Miller] Dr. Chapman, would you agree that there are other problems to deal with before promoting integration?

[Chapman] I will answer you, but I would like to comment on something I have just heard, and has left me somewhat concerned: We must participate in the Central American Common Market because the United States is forcing us to do so. We have just heard that. I do not think a country can make a decision on those grounds.

[Mulino] I do not think that is what Mr. Nino meant.

[Chapman] Now....

[Mulino, interrupting] Just a minute, Guillermo. I do not think that is what Juan Antonio Nino meant. That is something I must respond to, because it is a serious comment.

[Chapman] Well, I heard it. We all heard it, did we not?

[Mulino] What I think Juan Antonio has said is that the options open not only to Panama, but to any small and poor country such as Panama, on the part of the United States, the European bloc, or the Asian bloc are directed toward integration. It is not that there is a major option for the United States to tell Panama: Sure, you can stay out and I will negotiate with you and I will give you special treatment. The instruments for trade and technical assistance are designed to deal with blocs of countries. I consider that very different than integration, because the United States is forcing us to do so, and it is important that this be clear, because it is not so.

[Chapman] We know that Costa Rica has established a program to negotiate its direct access to the U.S. market by way of a free trade agreement. That is an ongoing process. I do not believe that the only mechanism Panama has is through the Central American Common Market.

[Nino] That is not really what is going on in Costa Rica. What Costa Rica has done is to try and lead the Enterprise for the Americas within Central America as a bloc. They have begun by setting the pace of the more dynamic countries, not the slowest. It is in that sense that we must look at the real advantages there are in Central America.

[Chapman] What sense does the statement made by all the presidents make that recognizes the right of each country to negotiate directly with the United States? It is clearly....

[Nino, interrupting] Of course, but these are clauses in a general framework document that are currently valid because they have to allow.... [changes thought] They are not negotiating with Central America, they are negotiating with all the Latin American countries....

[Chapman, interrupting] I meant the Presidents' Declaration in San Salvador. The presidents clearly admitted that some countries can negotiate directly, not as part of the region.

[Nino] The reason for that specific clause is that Guatemala, for example, has still not signed the general framework agreement. A country must be given the freedom to advance toward a regional initiative or go at its own speed. The speed varies according to the preparation of each country.

I would also like to say something about the high transportation costs that you mentioned and about which you were totally correct. The transportation and all the other costs you mentioned are part of the distortions that currently exist in Panama. This does not mean that once we rid ourselves of these distortions, our service sector cannot be promoted in the region advantageously....

[Chapman interrupting] We have to make the adjustments first.

[Nino] I totally agree. Integration is not going to happen over night. Integration will occur over a long span of time. Wars—World War I and II—motivated the Europeans to start an integration process. Likewise, the Central American wars are motivating the integration we are discussing right now.

[Miller] Friends, let's go to the conclusions of our guests. Mr. Mulino, would you give us your conclusions.

[Mulino] It is important for public opinion to know clearly that our government's steps concerning our economic and political relations with the Central American isthmus do not imply that we are going to make abrupt changes by tomorrow. The Republic of Panama's efforts toward integration are characterized by their gradual and complementary nature. It is important that this be left very clear. It is to be clear that we will not adopt a position without having dialogue or the prior consultations necessary for a decision of such importance to the country.

Also, it is important that it be clearly understood that Panama has given this step because it needs to keep abreast with the changes in the world. The step is not based on a whim or because it is being imposed on us. We do not have any other alternative. We are a country that needs to join efforts with others, perhaps with very similar needs such as Central America, to advance united toward a better development. I believe our actions are based on this. We have been very sincere. In some aspects Panama will be able to integrate fully. The results of the mixed commission's studies will tell us which are the fields in which our integration has to be gradual and where integration is impossible. I believe the important thing is that the Government of the Republic of Panama base its decision on the private sector's recommendations as they are the ones that are now heading this important initiative.

[Miller] Mr. Nino.

[Nino] Yes, I would first like to call your attention to the agricultural aspect. None of the Central American countries have fully integrated this field. I believe it will be very difficult for Panama to enter and start to place our lands in the process and mortgage our crops and our farmers in a plan in which we are just starting. Thus, I would recommend that agriculture be the last of the sectors to be included in the integration process with Central America. Also, we have to study the industrial sector thoroughly, including the gradual decrease of tariffs, deregulation or any type of anti-export bias, and start an in-depth study of industrial reconversion. Lastly, I call on all the sectors—government, private, and all the labor and social sectors—to participate in the debates of this topic. It will allow us to carry out the studies that will tell us how to integrate and how to do so with the least trauma and with as much advantages as possible so that Panama can enter the 21st century.

[Miller] Mr. Fabrega.

[Fabrega] To conclude, I will say again that what exists is the intention to integrate with Central America and negotiate as

part of a bloc, just as the rest of the world is doing. This integration will occur when the distortions in our economy are corrected. It is a complement of the modernization process of the economy and must be seen as such. It must be seen as one of a series of measures that are being taken and not as an isolated measure. We are not entering a new area, because we have been trading with Central America for years and we have common ideas and similar ways of thinking. Thus, it is not something we should worry about at this stage of the game.

[Miller] Dr. Chapman.

[Chapman] I would like to end where I began. Panama needs to modernize its economy and make it competitive. Panama cannot remain isolated from the world's integration processes. We need to conduct serious studies; I agree with what has been said here. These studies must include alternatives. We must measure the costs and benefits of joining Central America with the costs and benefits of following other paths. I do not believe the position that says we must go through Central America or we will not be allowed access to the U.S. market. Under that option, I believe that we must look at those markets that can offer much more in terms of purchasing power and have the capacity to finance this country's balance of payments deficit, which it will have for the next few decades. We must try to seek relations with a foreign trade partner who can finance us.

I would like to end with this message: This country has very scarce resources with which to perform these tasks. A good part of those resources are right here in this room right now. We must use those resources, the human capital which is the country's talent, in the wisest possible way. The country can make better use of Deputy Minister Mulino's talent if we dedicate it to that which will produce more, than if we work on something that will necessarily produce less.

[Miller] After the conclusions of our guests we now present our conclusions:

According to the San Salvador Statement, the Panamanian Government agreed to actively and completely join the Central American integration process. The San Salvador Statement, signed by the presidents of the Central American countries and Panama, sets forth a commitment and an act of political will on behalf of the subscribing countries.

Panama, upon joining the Central American integration process in an increasing manner, has the priority task of defining the scope and perspective of this commitment. Based on the arguments we have heard and the deficit in Panama's trade balance with the Central American countries, the benefits that Panama will receive as a result of this integration agreement seem less while the costs seem more.

Given the implications of this issue, there must be absolute clarity about what Central American integration will mean for the present and future of the country, what the national interests are, and what Panama's obligations will be.

Government's Decision To Integrate Questioned

PA1208172791 Panama City EL DIARIO INDEPENDIENTE in Spanish 8 Aug 91 p 5

[Article by Horacio Estribi: "Panama and Economic Integration"]

[Text] A few days after the events in Mexico, which made Panama's integration with its Central American neighbors seem important, a number of questions have emerged regarding the government's true intentions and the benefits of such a decision for the country. In addition to the official announcement made by President Endara, the only thing that has been said is that integration with Central America will be gradual.

The decision made in Mexico to join a group of countries whose economic and political structures are so different from ours calls for more than a simple announcement of intent and is justified only by Panama's need to overcome the worrisome isolation it was plunged into during the Noriega regime, which worsened after the U.S. invasion of our country in December 1989.

Politically the intent to integrate may have been a positive step to the extent that it gives Panama a new setting in which to discuss the return of its canal in the year 2,000 and steps up its involvement in hemispheric affairs.

Economically, nevertheless, we are still faced with broad gaps that hardly improve the expectations of national and foreign investors. Whether or not labor reform will be implemented to unify our laws with those of the other Central American countries' has not been established and may prove difficult, considering the government's inability to resolve problems such as the Free Zone drivers' conflict or the teachers' strike.

The types of tariffs being considered for the new integrationist setting have not been disclosed. The effects of a reduction of import tariffs on our revenues have not been quantified. Whether or not it will be advantageous for Panama to become increasingly dependent on the tertiary sector and thus completely abandon farming and industry, with all of the risks that this would entail, has not been discussed.

It is possible that due to a lack of domestic political support the president and his government have turned to the international sector to consolidate Panama's democracy and join what would appear to be a crusade for Latin America's democratic defense, headed by figures such as Venezuelan President Carlos Andres Perez.

The presidential summit in Mexico was undoubtedly an appropriate moment to do this but, at any rate, it was not

necessary for Panama to commit itself by offering to join the regional pact without taking into consideration that other alternatives are open to us in the field of integration or of simple economic cooperation.

Some analysts maintain that Panama would benefit more from a commercial association with the United States; other say that it would be more advantageous to associate with the Andean Group, and still others feel that Panama should maintain its independence and establish commercial relations with all of the economic blocs taking shape throughout the world.

I hope the step we took in Mexico was not a hasty one and that there is still time for the issue to be subjected to a broad national debate.

Endara Calls for Talks Between Councillors, Mayor

PA1208200491 Panama City LA PRENSA in Spanish
8 Aug 91 p 1-A

[Report by Althea Foster de Chavarria]

[Text] President Guillermo Endara has said that the "quarrels" between town councillors and the Panama District mayor constitute a "calamity" for his administration and added that he would have preferred a reconciliation to solve these "disputes."

Endara made this statement after meeting with nine town councillors, who marched toward the Presidency to deliver a resolution approved by the entire town council requesting the immediate dismissal of Mayor Omayra Correa.

Although the resolution delivered to the president was approved on 6 August by a broad majority of town councillors—16 yeas, two nays, and one abstention—official town councillors and Sergio Galvez, town council president, did not participate in the march.

Endara pointed out that "I would like this dispute to be solved via a reconciliation because I believe that the town council is comprised of very honest and patriotic people, such as the mayor herself. Unfortunately, they have not been able to work together and this a calamity for the administration."

Endara said that he will seriously analyze the resolution. To do so, Endara asked them for some time, the length of which he did not specify, to reach a decision that would definitely end this conflict.

The president added that when he appointed Correa as mayor he promised to support her and this support is a political pledge that he must honor. Endara said that he will, nevertheless, advise the mayor on the arguments presented by the town councillors.

When questioned by the press, Olmedo Guillen, who headed the town councillors who marched toward the Presidency, said that the position of the municipal

council is clear "because the request to dismiss the mayor is based on her violations of municipal and national laws."

Upon leaving the Palace of the Herons, Guillen described as positive the meeting with the president and as prudent the time, which he did not specify, requested by Endara to study the points contained in the resolution that calls for the mayor's dismissal.

In this regard he pointed out that the country is tired of disputes "and now is the time to end them."

Guillen added that he realizes that the president has always listened to popular clamor "and in this case we will continue our efforts, and if need be, we will seek the support of representatives throughout the country; we would do just that."

Meanwhile, Luis Eduardo Camacho, town councillor, also said that the time requested by the president to study the resolution is prudent and explained that the town councillors decided not to set an immediate deadline for Endara to solve the conflict, because "it is his prerogative to make a decision once he has given serious thought to the problem."

Camacho said that they made it clear to Endara that he must intervene to put an end to "threats" made recently by the mayor, including threats to dismiss the municipal treasurer, eliminate the town councillors' per diem allowance, and so on, "to ensure that this crisis will not lead to forceful actions."

"We are sure that in the end he will make the appropriate decision; we know that it is difficult, but definitive measures need to be adopted in this case for the sake of democracy and respect for the law," he added.

As for the dismissal of Engineer Luz de Jethmal, Camacho pointed out that this issue was not discussed with the president, but added that the council's attorney will file an abuse of authority suit against the mayor.

Meanwhile, Mayor Omayra Corea refused to talk to LA PRENSA yesterday, although an appointment had been made.

It was known that the mayor visited the Palace of the Herons and met with President Guillermo Endara for 30 minutes, but the main topic of this meeting could not be determined.

It was reported that the Municipal Council of Las Tablas District decided to support the actions their colleagues of Panama District might adopt to ensure respect for their work.

In a resolution signed by Alvaro Medina, president of the Las Tablas Municipal Council, its representatives demand the authorities respect the law that regulates municipal councils.

Argentina

President Menem Speaks on Agriculture Issues

PY1208005091 Buenos Aires Radio
and Television Networks in Spanish 1711 GMT
10 Aug 91

[Speech by President Carlos Menem at the opening ceremony for the Palermo Livestock, Agricultural, and Industrial Fair in Buenos Aires—live]

[Text] Messrs. Ministers, Secretaries, and Under Secretaries; Messrs. Armed Forces representatives; Mr. Mayor; Messrs. President and Executive Board members of the Argentine Rural Society; Messrs. National and Provincial Congressmen; Messrs. Municipal Councilmen; Producers; ladies and gentlemen; brothers and sisters; fellow countrymen; and brothers and sisters from other parts of the world who are visiting us today:

We all know that whenever there is mutual trust, words are unnecessary, and since Argentina is fed up with words and is hungry for deeds, I want my speech today to be brief, concise, and precise. [applause]

I have come here today to reaffirm the president's commitment to rural people, a commitment to greater production, and a commitment to a different Argentina that will overcome its decline and its mental and material backwardness once and for all.

Standing before this country's producers, I want to reaffirm unequivocally that as long as I am president of the nation, I will not tolerate any type of discrimination against rural Argentina. [applause]

I reiterate that I will not tolerate any type of discrimination because our agricultural, livestock, and agro-industrial sector, which has managed to overcome the conflict between agriculture and industry, is one of the driving forces behind our definitive takeoff. This takeoff will put an end, once and for all, to a state which has become a paternalistic dinosaur. This takeoff will break, once and for all, the vicious cycle of unbacked issuances of currency, financial speculation, public patronage, tax evasion, and stifling regulations. [applause]

This takeoff will cause the state to stop rewarding inefficiency and punishing productivity, it will stop the drain of our wealth, and it will allow us to lay a solid foundation for a decade of capital inflow and genuine investments within a framework of risk and competitiveness. This means more work and greater well-being for all Argentines.

I am fully aware that these changes require an epic effort from all Argentines. For this very reason, nobody—beginning with the president of the nation—is prepared to throw this sacrifice overboard, waste it through demagoguery, or turn it into yet another lost chance.

This time the changes are real, there is no going back in this drive for a different Argentina. In a few months, we

will be able to achieve even greater results, which will meaningfully improve the Argentine people's standard of living. We are consolidating stability, without having overly optimistic attitudes or an overwhelming euphoria, but with efficiency, sincerity, and realism—an historical achievement in its own right. As is wisely stated in "Martin Fierro:" Sometimes forgetting bad things also means having a memory.

There is still a lot to do. Many mistakes must be corrected. There is a great lack of support and many things are delayed—sometimes as a consequence of our own political irresponsibility and of our own administrative inefficiency. I also want to ratify a general guideline that is unyielding and will allow Argentina to resume its growth to unprecedented levels of work and production, allowing us to apply our own resources to improving conditions in the health, housing, education, security, and justice sectors; in all, it will allow us to build a clear political, economic, and social certainty.

This is why I am renewing my bet on all of you today. I again ask you to plant with confidence, to believe and demonstrate it through your assumed risks, technological innovation, search for new markets, and increases in the value of production. I am asking you to think about our growth within the broader framework of the Common Market of the South and Latin American integration. I ask you to join the government in the struggle to eliminate external discrimination in international trade, which raises anachronistic walls to our exports and potential markets.

Brothers and sisters from the countryside, you know very well that my government respects the rules of the game. This respect is tied to the deep conviction that led us to eliminate the farm withholding tax in order to establish an unprecedented relationship with production sectors. I will repeat this so there can be no doubts: Never again will a farm withholding tax be used as a desperate resource for political adventure [applause] or as a clumsy opportunistic resource to mask economic mistakes or production apartheid.

Within this context, I want to announce something that has a lot to do with the importance of what we are building inside and outside the country. I have ordered that the National Agriculture, Livestock, and Fishing Undersecretariat be promoted to state secretariat. [applause] Greetings, Mr. Secretary. I have made this decision so the secretariat will match the status of what it represents. It is good to remark this promotion implies no bureaucratic cost or increase in personnel, nor does it violate any principle of the administrative reform that is under way.

I have also ordered the cabinet to immediately adopt the necessary measures to make Argentine ports less expensive in international terms [applause] so as to make our exports more competitive. All necessary deregulation will be immediately implemented to solve this situation.

You know very well that the independence of powers under democracy and under a republican, representative, and federal government must be unquestionable. This does not entail the need to avoid logic and normal harmony among these powers. Despite some disappointments, the executive branch gets along with the other branches, especially with Congress, for which, in my capacity as president, I must show my gratitude. I would also like to express my thanks to all sectors, including the official and opposition sectors, because they have contributed to promulgation of the laws that to a great extent, have allowed us to implement the changes that are being promoted in Argentina. They are still in debt, however; not to the president or the executive branch, but to the Argentine people. Therefore, I ask you for prompt promulgation of the bills on ports, fishing, labor flexibility, and work accidents, among others. [applause]

Fellow countrymen: This is an important day for the entire country because of this event and because we are also on the eve of an electoral process that is very important for our democracy. Votes will be cast in three Argentine provinces tomorrow and more positions in the provincial legislative and executive branches will be renewed in the upcoming weeks.

As president of the Republic, I reassert my decision and my conviction that I am not ruling the country for future elections, but for future generations. I do not represent a single party, union, enterprise, lobby, or pressure group. I am the president of all Argentines. [applause]

Consequently, I want to reassert my decision to not represent any party in this electoral process, which will undoubtedly be an excellent opportunity for the Argentine people to show their maturity and which should be the mirror with which to reflect our political and institutional leadership after the elections. On that historic occasion, it will be necessary for all our leadership—without exception—to show their maturity no matter what the results of the elections and to rally around a great political and productive commitment to make possible the institutional changes that are continuously demanded by our people.

Let us not deceive ourselves. I am referring to a great commitment and not an illegitimate pact between leaders without legitimate representation. I am referring to a great commitment that should not be transformed into a status quo that perpetuates politicians and institutions that are severely questioned by the people. Neither should this commitment be messianic and centralistic, setting aside federal, regional, and local realities. It should not adopt a hypocritical attitude, leading to a further isolation of the leaders from the people. On the contrary, the president is convinced that once electoral speculation is silenced, we will begin a decisive stage to promote dialogue, carry out common goals, and share decisions—not intrigue, which has greatly damaged the country. [applause]

I am referring to a true agenda of changes that calls for the participation of all Argentine productive and institutional forces on the basis of an essential and irrevocable guideline that I have decided to guarantee at any cost. We will promote the best transparency within our political system, more solidarity within our socioeconomic model through consolidation of the deep changes that have been set in motion, necessary confidence in our international image, and an all-out struggle in support of a more ethical, modern, and just democracy that covers the struggle against drug trafficking and poverty and for preservation of the environment. We will consider all these aspects within the framework of a system that we will strengthen, enrich, and honor. Above all, I am willing to respect unrestricted freedom of the press, no matter what and despite any criticism, even despite opinions and information that I sometimes believe are wrong and unjust.

The late U.S. President John Kennedy once made the following statement: Men who create power make a necessary contribution to the nation's progress, but men who question power also make a similar contribution, especially when this questioning is altruistic because it clarifies whether we use power or whether power makes use of us. At this time of unrestricted freedom of the press, we should not fear those who want to annul freedom. In the face of the temptation to silence the voices who talk about an exaggerated freedom of the press, the only answer is more freedom, more responsibility, and more truth.

The struggle... [Menem is interrupted by applause] The struggle against corruption and against the true vampires who have sought to thrive at the expense of sacrifices by all Argentines cannot be a silent or deaf struggle. Therefore, upon ratifying once again my personal commitment to this national cause, I want to again point out the following: First, all privileges in the Argentine Republic are over and all the appropriate heads—regardless of their name or sector—will roll. [applause]

Second, the total and absolute independence of the nation's judicial branch represents the basic and fundamental answer to preventing the unmasking of corruption from bogging down in impunity, slanderous charges, generalized confusion, or indiscriminate suspicions so that—in the end—justice will prevail. This head of state is the guarantor ensuring compliance with these rules of the game because they are constitutional and indispensable if our society truly wants to be a society.

Sisters and brothers of the Argentine people: This represents a challenge. We must together build and defend an Argentina that is firm and upright and has a consolidated law. And why not? Keep in mind the accounts that are still unpaid, accounts that we—all of us—will continue settling with boldness, imagination, and shared sacrifice.

I want to leave aside all protocol. I do not want this opening to be simply a formal, cold, passionless, and heartless ceremony. Therefore, humbly acknowledging this national

reality, I declare—first—the inauguration of an indispensable period of maturity, fraternity, and dialogue among all people from various sectors who are responsible for governing the destiny of our community. In doing this, I am quite aware that I am expressing what the Argentine people anonymously inaugurated a long time ago and what we—the leaders—are responsible for making fact: A serious, hard-working, and honest country, a country that still wants lofty, deserving politicians, entrepreneurs, trade union leaders, and institutional leaders.

Therefore, with an open heart, renewed hope, and faith based on the reality we are viewing—namely, a changing Argentina, an Argentina with work and production, an Argentina that is again integrated into this modern world, and an Argentina that, in keeping with the nobility of its people, deserves this and much more—I hereby declare open the 105th International Livestock, Agricultural, and Industrial Fair.

I wholeheartedly embrace you. God bless you and good luck. [applause]

Deputies Comment on Speech

PY1208215691 Buenos Aires BUENOS AIRES
HERALD in English 12 Aug 91 p 7

[Text] (NA-DYN)—“I don't believe a word he says,” said Radical Deputy Jorge Vanossi about President Carlos Menem's speech on Saturday [10 August] at the opening ceremony of the 105th International Agriculture, Livestock and Industry Exhibition where the head of state called for a “great political and productive commitment to consolidate the national transformation the people demand daily.”

The president's speech met with mixed reactions, which included praise of his plan for constitutional reform and criticism of his proposal for a broad “commitment” across party lines shortly before the national elections.

Vanossi, the Radical who voiced the harshest criticism of the speech, said “we will think it over very carefully before we vote for constitutional reform, because there are no guarantees this will not give extraordinary powers to the executive branch of government.”

Democratic Centre Union (UCeDe) Deputy Adelina D'Alessio de Viola expressed her fear that “this might end up being another spurious pact between Peronists and Radicals,” but said she was confident that Menem would not allow that to happen.

In turn, UCeDe founder Alvaro Alsogaray considered that “a true political commitment must necessarily be based on support for the present economic plan and not on political objectives that are already guaranteed by the Constitution and democracy.”

“It's useless to talk of pacts now; the time for dialogue is after the people have given their verdict on this government with their votes.”

Group of Eight maverick Justicialist Deputy Carlos “Chacho” Alvarez in turn emphasized that “one thing is an accord to deepen the adjustment plan if the government wins the elections, and another thing is a forced change of route if the people turn their backs on this economic programme, as they most probably will.”

Alvarez ironically commented that “to launch a plan for productive growth at the Rural Society premises and to place (former Lower House majority leader and now Interior Minister Jose Luis) Manzano in charge of recovering the government's credibility is like putting the antidrug squad in the hands of Amira Yoma.”

For his part, Lower House Radical bloc leader Cesar Jaroslavsky was “completely satisfied” with the presidential message, in which he found “an important degree of maturity which allows this proposal before knowing the poll outcome.” He added: “If this idea had come after the elections, it would have looked stained by their outcome.”

Jose Luis Manzano Sworn In as Interior Minister
PY1208215091 Buenos Aires TELAM in Spanish
2140 GMT 12 Aug 91

[Text] Buenos Aires, 12 Aug (TELAM)—President Carlos Menem swore in Jose Luis Manzano as the new interior minister this afternoon. Manzano was applauded a great deal by the huge crowd at the White Hall. The ceremony took place at 1822 with the participation of ministers, Supreme Court members, congressmen, Armed Forces members, politicians, labor leaders, businessmen, and special guests.

Province Governors Relected; Upset in San Juan
PY1208214491 Buenos Aires BUENOS AIRES
HERALD in English 12 Aug 91 p 1

[Text] (NA-DYN)—Rio Negro, San Juan and San Luis yesterday kicked off the election year with polls for governor and provincial and municipal authorities.

In a peaceful and orderly election day, both Rio Negro Governor Horacio Massaccesi (Radical) and San Luis Governor Adolfo Rodriguez Saa (Justicialist) won reelection—the latter for a third period in office—while the Peronists defeated the Bloquistas and the newly formed Renewal Crusade in San Juan.

At 9 pm last night President Carlos Menem phoned Massaccesi—who had challenged the national government last month by getting away with money from the Central Bank claiming that the federal authorities owed Rio Negro vital funds needed to pay public wages—and congratulated the opposition governor for his triumph over Justicialist rival Victor Sodero Nieves. At 11pm Menem congratulated Justicialist Jorge Escobar for his victory in San Juan.

By press time Horacio Massaccesi and his running-mate, current Bariloche Mayor Edgardo Gagliardi, got 48 percent of the cast ballots against 25 percent of Justicialists Victor Sodero Nieves-Oscar Albrieu.

As for San Luis, Governor Rodriguez Saa and his running mate Mario Merlo were heading to a clear victory with more than 40 percent of the votes against Antonio Lorenzo-Cesar Perez Laborda (Radicals).

Finally, San Juan saw a close upset victory of Justicialist candidates Escobar and Juan Rojas against Alfredo Avelin-Julio Prado (Renewal Crusade). At press time, with 58 percent of the votes counted, the Justicialists were close to 33 percent of the votes and the Renewal Crusade were getting 30 percent. Juan Naratta-Carlos Sambrizzi (Bloquista) and Carlos Mendoza-Delia Papanno (Radical) came in third and fourth. Thus the Bloquistas are not only out of government in the province they have governed for more than a decade, but they lost all the municipalities they held.

Menem on Results of Elections

PY1308020491 Buenos Aires TELAM in Spanish
1446 GMT 12 Aug 91

[Excerpts] Buenos Aires, 12 Aug (TELAM)—President Carlos Menem has described the election results in San Luis and Rio Negro Provinces as "predictable." He said "renovated Justicialism," which is "completely integrated into national, Latin American, and global reality, won" in San Juan Province.

In the chief executive's opinion, the election in San Juan Province "was very bitter and very close" but "the new Justicialism" won in the end. He described Governor-elect Jorge Escobar as "a young entrepreneur who became engaged in active politics in 1988 and who is a member of the Justicialist Entrepreneurial Movement [Movimiento Empresario Justicialista]."

After stating that Escobar "had conducted an excellent campaign," Menem noted that, as admitted by the governor-elect himself, Escobar won "based on the national government's political and economic proposal."

Asked whether he was more optimistic about results in other provinces after this victory in San Juan Province, Menem recalled that he had already expressed his "optimism about elections in the Argentine Republic." And he asked himself: "What politician does not seek victory in an election; more so, if that politician is president of the nation?"

Nevertheless, Menem warned: "We will not feign shock if we do not fare well somewhere. In fact, the Argentine Republic is faring well, which is what truly matters."

Responding to a question about whether Horacio Massaccesi's victory in Rio Negro Province reflected a need to review the economic relationship between the provinces and the federal government, Menem stated while touring the Palermo Cattle Fair that "this is being reviewed." [passage omitted]

Menem noted: "We can talk about constitutional reform, which is not my goal but is being discussed by other politicians. We can talk about reforming the electoral law, about the Common Market of the South, and

about the relationship between Argentina and the EEC. We can talk about a free trade zone extending from Alaska to Tierra del Fuego, bearing in mind President George Bush's proposal. In a nutshell, there are many areas and points on which we can talk with sectors of the community." [passage omitted]

Asked whether possible constitutional reform could include the position of prime minister, Menem responded: "I would never accept the imposition of a prime minister. Absolutely not." In response to a question on whether he would seek "reelection for another four years," the president said: "Maybe." [passage omitted]

Concerning the struggle to achieve the reduction or removal of international subsidies for agricultural and livestock producers, the president noted that "a hard fight" is being waged "within the framework of the GATT talks" and announced that "we will soon have favorable news." [passage omitted]

USSR Expresses Interest in Setting Up Factories

PY1208143591 Buenos Aires TELAM in Spanish
1556 GMT 11 Aug 91

[Text] Santiago del Estero, 11 Aug (TELAM) — Within the framework of a tour aimed at seeking investment opportunities, Russian officials have told Governor Cesar Iturre that they have decided to "install factories" in places that show signs of development.

The foreign delegation includes Iturri Drumaev, minister of Uzbekistan and the representative of all the ministers of Russia; Viktor Vadennev, the Russian representative in Argentina; and Sergio Rapotne, an expert in installing factories [all names and titles as received].

Initial investment will be made in oil and the processing of meat, although in other areas they will invest in other types of production. The investors are also interested in joint Argentine and Russian investments.

The governor placed the appropriate organizations at the disposal of the visitors to obtain information and the means to reach the places where the installations could be set up.

Navy Captures Panamanian Flagged Vessel

PY1208234691 Buenos Aires TELAM in Spanish
2046 GMT 12 Aug 91

[Text] Buenos Aires, 12 Aug (TELAM)—Early this morning, the Navy captured a fishing vessel flying the Panamanian flag. The vessel, which was crewed by Koreans, was fishing illegally in the exclusive economic zone of Argentine territorial waters off the coast of Rio Negro Province. It is now being escorted into the port of Ingeniero White.

The Navy reported this afternoon that the vessel, the Jenny VII, was sighted early this morning by the corvette Drummond, and it was boarded despite evasive actions by the vessel.

Nigeria on Resumption of South African Ties

PY1108224291 Buenos Aires BUENOS AIRES
HERALD in English 10 Aug 91 p 13

[From the "Argentina in Brief" column]

[Text] The Nigerian Embassy in Argentina yesterday said that it was disappointed to see the Argentine Government re-establish diplomatic relations with South Africa. The Nigerian government still considers South Africa "a deeply oppressive, unequal and divisive political system." Argentina's position goes against the position of the Organization of African Unity (OAU), the Nigerian Embassy said. "While the government of the Federal Republic of Nigeria respects the responsibility of nations to act in consonance with their perceived national interests, it nevertheless regrets the action by the Argentine authorities" on the evolving situation in South Africa, a press release said.

Atomic Reactor Resumes Operation in Buenos Aires

PY1208033091 Buenos Aires LA PRENSA
in Spanish 10 Aug 91 Second Section p 3

[Text] The Argentine-1 reactor at the Constituyentes Atomic Center in this capital has again been put into operation. It has been out of service since the end of September 1983.

The reactor, the first of its type in Latin America, began operating in 1958 and was built entirely within the country by Argentine professionals and technicians. It has been out of service since 23 September 1983.

Government Appoints Members to Space Commission

PY1008161691 Buenos Aires CLARIN in Spanish
6 Aug 91 p 13

[Text] In an attempt to parallel procedures followed for NASA appointments, the Argentine Government originally planned to appoint members of the National Commission for Space Activities (CNAE)—the organization charged with dismantling the Condor-2 missile project—by decree, subject to confirmation by the Senate. The government, however, ended up by making the appointments by decree without requiring confirmation by the Senate.

In Presidential Decree No. 1436, the government appointed scientists Jorge Sahade and Hugo Cesar Casadella as the CNAE chairman and deputy chairman, respectively. Yet, in order to make these appointments legitimate, it became necessary to amend a provision in Decree 995, which provided that these two officials must be appointed "by the executive branch, subject to confirmation by the Senate."

Other members of the CNAE board are Horacio Ghielmetti, Humberto Ciancaglini, and Andres Cisneros, among others.

Today these officials will participate in a signing ceremony for a framework agreement with NASA on the occasion of U.S. Vice President Dan Quayle's visit to Argentina.

Why did the government make a 180-degree turnaround in its position despite being aware that it was being sloppy? One reason is that it needed to have the CNAE officials appointed in time to sign the agreement with NASA.

Washington had refused to cooperate with Argentina until the Condor-2 missile project was dismantled. And, as was the case with the National Commission for Atomic Energy (CNEA), Washington did not want to see any active-duty officer heading one of the few advanced technology programs remaining in the country.

The Senate confirmation process would have gone far beyond Quayle's visit and the government—especially the Foreign Ministry—wanted to sign this agreement with an organization led by civilians. The Condor-2 project had been subordinated to the now defunct National Commission for Space Research (CNIE), which was under Air Force jurisdiction.

The idea of having the appointments for CNAE chairman and deputy chairman confirmed by the Senate was meant to give Congress some control over this issue. Now that the appointments have been made by decree, what will the Senate say about this measure?

Privatization of Rio Negro Bank Issue Reached

PY1108224091 Buenos Aires BUENOS AIRES
HERALD in English 10 Aug 91 p 5

[From the "Business World" column]

[Text] (DYN)—An agreement has been worked out between the central government and the province of Rio Negro whereby the provincial bank will be privatized within 120 days, Economy Minister Domingo Cavallo announced at a press conference yesterday. Additionally, the Central Bank will withhold 16.6 million dollars from the province's federal revenue sharing funds and oil royalties in order to compensate for the seizure of Treasury funds by Rio Negro Governor Horacio Massaccesi.

Bolivia**DEA Agents Charged With 'Torturing Citizens'**

PY1208184891 La Paz Radio Fides Network
in Spanish 1100 GMT 12 Aug 91

[Excerpts] At the beginning of this program, I read a communique, which stated that the United States treats us as slaves and wants to turn Bolivia into a colony. A few minutes ago, we received a letter signed by Rodolfo Yanez Rodriguez, I repeat, Rodolfo Yanez Rodriguez. His identity card number—so that the police can identify him—is 1709030, and he was born in Trinidad.

Yanez, is a top leader of the MIR [Movement of the Revolutionary Left]-New Majority in the Reyes town-ship, Ballivian Province.

Jose Antonio Gomez, could you please confirm whether Rodolfo Yanez Rodriguez is effectively the MIR-New Majority top leader?

In his letter Yanez charges that DEA agents are torturing Bolivian citizens. In one paragraph of his letter, Yanez reports the humiliating arrest of his brother Ismael Yanez Rodriguez in a manner which I believe no one will tolerate. The brother said that he will disappear for 30 years on orders of a judge from (?Miami). They also forced him onto his hands and knees, while they hit him on the buttocks with a hard stick.

We understand that Law 1008 does not empower either the DEA or Umopar [Rural Area Police Patrol Units], who are the DEA servants, to torture Bolivian citizens. The Vienna Convention on Human Rights, which is approved by the United Nations, forbids torture. It seems that U.S. citizens are very sensitive to human rights violations, as in the case of Cuba for example, yet they do what they want in our country.

The next day, DEA head James White, Victor Cortez, Joy Berman and Major Padiga from the police questioned me. They arrived in the company of prosecutor Edwin Garcia. They drafted the declaration at their convenience. They compelled me to sign and the prosecutor told me, listen, the prosecutor in charge of narcotics matters, Edwin Garcia told me: You have to cooperate because the airplane is waiting for us at the airport. If you do not cooperate we will take you to the country in the north and you cannot imagine how much money, property, furniture, and cars we will get there. [passage omitted]

James White hit Dr. Camacho in the eyes with a M-16 pistol, causing a 14-stitch wound. This is the way the DEA is acting in our country, just as in the time of the cowboys in the far west [given in English].

Dear listeners, the situation is becoming more clear. The DEA and the United States want to turn Bolivia into a colony. What does the Bolivian Government have to say about this? It has a lot to say.

Commentator 'Harshly' Criticizes U.S. Tin Policy

PY1208112691 La Paz Radio Fides Network
in Spanish 1100 GMT 12 Aug 91

[Commentary by Father Eduardo]

[Text] Once again, we Bolivians are in danger because of the U.S. threat to sell its strategic tin reserves. A part of these reserves was donated by Bolivian Governments of the 1940's as a national contribution to the military arsenal of the allied forces, which fought against German Nazism and Italian Fascism.

These repeated threats by the United States seek to further humiliate Bolivians through a threatening, arrogant,

unjust, and tyrannical gesture against our legitimate right to peace, health, and social justice.

Bolivia is a small country, with a small population. We are currently making great efforts to moralize our institutions, which are the victims of corruption. We are building a pluralistic, democratic society, where human rights are fully observed. We are cooperating with the international community in the delicate matter of drug trafficking, while they once again economically threaten to convert us into beggars, into inconsequential individuals who can be purchased through charity. They are once again scheming against our freedom, dignity, and sovereignty.

Through the La Hora del Pais program, we protest, before the international community, over this new tyrannical injustice from the empire of the money, from an empire, which in one hand offers the Americas Initiative, while the other hand secretly punches us on the nose. We do not have a powerful industry in Bolivia. This is not a country with a high-level education index. We are aware of our socioeconomic limitations, however, we are proud and we have dignity. We should send cocaine to those who blackmail us with an immoral, unjust, and tyrannical sale of minerals; minerals that were the principal cause of the silicosis suffered by miners more than 50 years ago. Cocaine is the only valuable raw material we own. It is our only weapon for drug addicts of the United States and the rest of the world. We do not have any other weapon with which to defend the dignity of a nation submitted to tyrants and to defend the rights of our children and our old people to eat. We adults can fight and work, but children and the aged are the weakest.

If we have to face such blackmail, which is like the tyrannizing system devised by Jesuit moralists and theologians in the 1600's—and we have already denounced this fact before the United Nations—we will legitimately, honestly, and morally respond with our own form of blackmail, because poor people have rights that must not be denied to the rich and to the tyrants because poor people struggle to survive and have the right not to die of hunger, humiliation, and misery.

If they sell that tin, we will promote a great free market of cocaine. They will not stop us through force. We already know, through one great civic action, [not further identified] that it is better to die than to live as slaves. Through their threat to sell their reserves of tin, the price of which is already very low, they seek to make us live like slaves; this is the desire of the U.S. tyrant. We have the moral right to be heard; we demand a treaty on friendship and good relations with the United States; we want a global treaty that does not solely involve cocaine; we want a treaty by which we can be respected at least as a free and sovereign state; we do not want to be treated as a nation of slaves, corrupt individuals, and immoral people.

We Bolivians have the right to be respected by the international community. We delivered our tin contribution 50 years ago. Now, they want to make us disappear from the map through hunger and want, to turn us

into ragged beggars. We still have cocaine, and nobody should be shocked if we use this weapon, which is the only one we have, and we will use it with the sole and exclusive objective of making them listen to us and to respect us as a sovereign member of the international community.

Mr. George Bush: You may be a powerful man, but the justice, truth, and honesty of the Bolivian people will, in the end, be more powerful than your prepotency. Your attempt to blackmail us with the tin is a blackmail for a blackmail, in that you obtained our tin at the expense of our lungs against the cocaine that we can sell you; cocaine that can destroy you by you being drug addicts and corrupt people.

We prefer peace, good international understanding, and justice, but if they want to blackmail us we will respond with blackmail. Better to die than to live as a slave. It seems that the United States, or at least its rulers, want freedom for themselves and slavery for us Bolivians.

Mining, Industry, Planning Ministers Installed

PY1208184491 La P~~er~~ Television Boliviana
Network in Spanish 1700 GMT 12 Aug 91

[Excerpts] Following the government's decision to change several ministers of the cabinet, new Mining and Metallurgic Minister Gonzalo Valda was installed today in a ceremony at the Mining Ministry in the presence of Oscar Eid Franco, head of the Movement of the Revolutionary Left-New Majority, and of mining ministry officials. [passage omitted]

New Industry and Commerce Minister Leopoldo Lopez was also installed today. Lopez will continue to discharge the brilliant task achieved by former Industry Minister Guido Cespedes. [passage omitted]

New Planning and Coordination Minister Samuel Doria Medina was also administered the oath of office today, replacing Enrique Garcia. [passage omitted]

Brazil

Collor Supported by Governors at Meeting

PY1308023691 Rio de Janeiro Rede Globo
Television in Portuguese 2300 GMT 12 Aug 91

[Text] In Brasilia today, 26 state governors advocated a national agreement to help overcome the nation's difficulties. The governors met to congratulate President Collor on his 42d birthday.

The 26 governors met at Curitiba Place, government headquarters for the Federal District, and went to the Club of Nations together to await President Fernando Collor. The president arrived at 1330, greeted the governors one by one, and held relaxed talks with some of them. Everybody wanted to record this historical moment on film: A president elected by the people posing with all the governors, who were also elected by the people.

Before lunch, Federal District Governor Joaquim Roriz, the host, spoke on behalf of all the governors. President Collor answered, emphasizing the significance of the meeting.

[Begin Collor recording] The quest for understanding and for a strengthening of democratic institutions is, above all, a quest for the strengthening of dialogue and maturity in our country's political relations. [end recording]

The meeting between the president and the governors has been interpreted as a good sign. The governors unanimously stated that the lunch with the president demonstrates the good will and maturity of those present. [Begin Bahia Governor Antonio Carlos Magalhaes recording] We want to celebrate the president's birthday and perhaps, tomorrow, we will celebrate the overcoming of Brazil's economic and financial crisis. [end recording]

The meeting between the president and the governors has already yielded its first results. Here is a report from Brasilia by Alexandre Garcia.

[Begin Garcia recording] The governors are betting on governability, and the president on understanding. The Rio de Janeiro governor went so far as to say that in 45 years of public service, he had never witnessed such a cordial atmosphere, with everyone so relaxed. The truth is that the governors need the president's good will to resolve their financial problems and the president needs the governors' political support in Congress. This paves the road toward understanding and governability. But what about the people who elected the president and the governors, what will they get out of all this?

The thing is that today's meeting is preparatory to the one all the governors—including the Ceara State governor, who did not come today—will hold in Brasilia on 26 August. At that meeting, the governors will use the political understanding achieved today to resolve a serious problem: public security. They are taking this issue so seriously that they have already scheduled another meeting after 26 August with all security secretaries and all military police commanders in order to launch a struggle against a common enemy: crime. [end recording]

The president's birthday party at the Government House even had a cake. The first lady Mrs. Rosane received congratulations with her husband. President Collor had a birthday present in his hands when he arrived at the Government House and found his mother, Mrs. Leda, awaiting him. The students of a Brasilia public school had arranged a party in the Government House foyer to celebrate the president's 42d birthday. A happy president blew out the candles, cut the cake, and ate a piece. Everyone realized that he was still not wearing a wedding ring.

Meanwhile, Mrs. Rosane Collor was at LBA [Brazilian Welfare Legion] headquarters providing over a ceremony along with the Rio Grande do Norte governor. Relaxed and smiling, Mrs. Rosane seemed to be enjoying herself, displaying her left hand—on which she was wearing two wedding rings, a gold one and a diamond one—for the cameras.

Without showing any signs of the marital crisis through which she is allegedly going, Mrs. Rosane said she did not want to discuss personal matters, but merely confirmed that she intends to continue at the head of LBA and to clarify all doubts about her management of this organization.

[Begin Rosane Collor recording] Excuse me, but I cannot grant you an interview. [end recording]

It may not have been the happiest or the most enlightening of endings, but, at the end of day, the couple appeared together for the first time in several days. Mrs. Rosane accompanied her husband to the congratulations ceremony at the Government House. For protocol reasons, Mrs. Rosane could not stand next to her husband but stood slightly behind him, together with his mother and brother. The president's demeanor was solemn and formal; upon departing, he gave his wife only a brief nod. The president left with his usual haste.

Government Questioned About Secret Account

PY1008173491 Rio de Janeiro O GLOBO
in Portuguese 5 Aug 91 p 3

[Text] Brasilia—Today the National Congress will send the government an information request on the existence of a secret account under the control of the Strategic Affairs Secretariat (SAE) to pay former SNI [National Intelligence Service] officials and finance nuclear research. Senator Ronaldo Aragao (Brazilian Democratic Mobilization Party—Rondonia State), chairman of the National Congress Joint Budget Committee, has said that he will convene the committee to discuss a report that in less than one year, the Collor government reportedly spent \$65 million that were not detailed in the Union Budget. He wants an explanation by National Planning Secretary Pedro Parente. Deputy Joao Alves (Liberal Front Party—Bahia State), the committee's coordinator, will verify the truth of the report with Strategic Affairs Secretary Pedro Paulo Leoni.

According to Joao Alves, the Union Budget is clear and, therefore, there is not any room for a secret account. He said that, in addition to the Budget Law, the government publishes a breakdown of budget expenditures in which all expenditures are specified.

Alves said: "There are no secrets in the budget. If the government spent money for officials from the abolished SNI or for nuclear research, everything is specified in the budget for Greeks and Trojans to read. Nevertheless, I will ask the SAE for information."

Deputy Cesar Maia (Brazilian Democratic Mobilization Party—Rio de Janeiro), who is also a member of the budget committee, has said that since 1988, there are no more secrets, in principle, in the Union Budget. All the ministries, however, receive allotments that come under the generic title of "services rendered."

In Brasilia, National Accounting Office (TCU) President Adhemar Paladini Ghisi reported yesterday that the TCU has always examined the expenditures of the federal government's secret accounts.

Ghisi said: "Nevertheless, this examination is secret because the issues are linked to national sovereignty or security. The TCU, however, takes notice of these secret expenditures and even monitors use of the funds."

In Sao Paulo, Senator Eduardo Suplicy (Workers Party—Sao Paulo State) has said that the Chamber of Deputies Economic Affairs Committee will summon the strategic affairs secretary to clarify the purpose of the government's secret budget allotments. Suplicy wants Pedro Paulo Leoni to report this week to the Chamber of Deputies Economic Affairs Committee, which is chaired by federal Deputy Raimundo Lira.

Cocaine Peddling in Congress Investigated

PY1308025891 Sao Paulo FOLHA DE SAO PAULO
in Portuguese 7 Aug 91 p 8

[Reported by Lucio Vaz from Brasilia]

[Text] Brasilia police are investigating cocaine peddling in Congress. According to agents conducting the investigation, at least 15 kg of cocaine are sold there every month. Policemen have already arrested two congressional employees involved in drug trafficking: Antonio Henrique Moreira and Joao Rodrigues Alves.

A report prepared by Congressional Security and delivered to Chamber of Deputies President Ibsen Pinheiro (PMDB-RS) [Brazilian Democratic Movement Party—Rio Grande do Sul State] on 6 August lists three individuals suspected of peddling cocaine in Congress and reveals that congressional officials are involved in drug trafficking.

FOLHA DE SAO PAULO managed to get a look at the report, which was delivered to Ibsen. One of the suspects listed in the report, a book salesman, is called Felipe. Another one is called Wellington. Ibsen's advisers have copies of court cases linking Wellington to drug trafficking. FOLHA gained access to these documents as well. The third suspect's first name is Jorge. None of them are congressional employees. FOLHA is not mentioning any surnames because thus far, these people are just suspects.

Police are closing the net around a congressional official who is serving as adviser to a PDT [Democratic Workers Party] deputy. Police records also show arrests for two drivers who used to work for congressmen. Elias Martins Azevedo, 40, driver for former congressman Francisco Salles (RO) [Rondonia State], was arrested on 8 July 1990. According to police, he brought cocaine from Rondonia by bus for distribution in Brasilia, including Congress.

Eduardo Romao Batista, driver for Deputy Paulo Octavio (PRN-DF) [National Reconstruction Party—Federal District], was arrested last November. Neither

Elias nor Eduardo were congressional employees. Both were private employees of deputies. Eduardo was sentenced to three years in prison and paroled.

Last year, Euripedes Barbosa, former head of the Brasilia Narcotics Division, worried about the growth of drug peddling in Congress, sought out Ademar Sabino, Chamber of Deputies director general, and the two worked out a plan to fight peddlers. Regular and federal police have no jurisdiction over congressional premises.

It was agreed at that time that policemen would place suspects under surveillance in the parking lots around Congress. If one of them went inside Congress, he would be caught red-handed and arrested by Congressional Security, which has police powers inside congressional premises. This plan lasted only a few weeks, however; Euripedes was transferred to another division.

Antonio Henrique Moreira was arrested on 7 June 1990. Acting on data provided by informers inside Congress, policemen followed Henrique because they suspected that his lifestyle was incompatible with his salary as a congressional driver.

According to police, cocaine peddling in Congress goes on primarily in the restrooms of Annex 4 and in the Chamber of Deputies library. An "envelope" containing one gram of cocaine costs an average of 10,000 cruzeiros. The policemen can do nothing because, by law, Congress is outside their jurisdiction.

During an operation last year, policemen managed to surround a trafficker who was carrying the drug inside a Gold GTI Volkswagen. When the trafficker realized that policemen were closing in on him, he ran inside Annex 4 where the policemen could not follow him.

A police informer says cocaine is also sold in the Chamber of Deputies private parking lot, where traffickers have their "immunity" assured. According to this informer, the drug sold in this parking lot is "better quality." The cocaine sold in the bathrooms is mixed with gypsum and chalk powder.

Police are also investigating alleged drug consumption at parties given by congressmen or organized in Congress.

Agriculture Imports Pay Taxes Equal to Subsidies

PY1208024891 Brasilia Radio Nacional
da Amazonia Network in Portuguese 1000 GMT
10 Aug 91

[Excerpt] Agriculture Minister Antonio Cabrera confirmed in Porto Alegre that President Fernando Collor has ordered that agriculture is a government priority. He also announced that imported agriculture products will pay a tax in Brazil that is equivalent to the subsidy the product received in its country of origin.

During a meeting with Rio Grande do Sul farmers in Porto Alegre, which was also attended by Bank of Brazil President Lafaiete Coutinho and more than 40 Bank of

Brazil branch managers, Minister Cabrera guaranteed that agriculture has become a government priority at the order of President Collor. [passage omitted]

Ministry Reinstates Selected Price Controls

PY1208012491 Rio de Janeiro O GLOBO
in Portuguese 8 Aug 91 Economic Section p 25

[Text] Brasilia—The reinstatement of price controls for some products does not denote a government plan to restore the price freeze. According to Economy Minister Marcilio Marques Moreira, the government only intends to head off abuses and demand compliance with the commitments assumed by some sectors at the sectorial chamber meetings. The minister said the government is just impeding readjustments higher than those that have been agreed on.

He said: "We are demanding compliance with the commitments made by businessmen, not restoring some sort of rigid freeze."

This measure to restore control will not interfere with the government decision to continue granting readjustments and liberalizing other controlled sectors. Minister Marques Moreira affirmed that the decision on a thaw has already been made in order to impede an explosion of prices, which have been dammed up for a long time.

He justified the option by saying: "Inflation has picked up in recent weeks—as was expected when the decision was made on a thaw, which was necessary. If that option had not been taken, a situation resembling a pressure cooker would have developed. When the pressure cooker was opened, prices would have exploded."

The minister explained continued adjustments to utility rates and public prices as a way of protecting fiscal policy. According to him, freezes in these cases would inevitably lead to the need to finance fiscal deficits within the federal, state, and municipal governments.

Minister Marques Moreira announced yesterday that the government will tighten its fiscal and monetary policy even more in coming days. Addressing state finance secretaries at the opening of the Fiscal Policy Council meeting, Minister Marques Moreira spoke clearly of the possibility that new measures might be adopted:

"In the next few weeks, the Central Bank will continue to signal that a tight monetary policy will be maintained. It will do so not only through interest rates, but through other instruments."

Inviting the state governors to separate meetings, the minister warned that he will not accept incorrect interpretations: "The fact that we are talking with the state governments does not mean we are growing sympathetic to their financial needs—not because we do not want to be helpful, but because we cannot afford it."

PRC Delegation Touring Hydroelectric Projects

PY1208031891 Rio de Janeiro O GLOBO
in Portuguese 7 Aug 91 p 23

[Text] Brazilian enterprises, primarily consulting firms and equipment enterprises, may participate in construction of the Three Throats [Tres Gargantas] hydroelectric dam in the PRC, with an installed capacity of 17,680 megawatts, more than Itaipu Dam. A PRC delegation headed by Wu Jingru, vice president of the State Energy Investment Corporation [preceding four words in English] (SEIC), is visiting Brazil to become acquainted with large electrical projects developed in Brazil.

According to Wu Jingru, it is estimated that the Three Throats Dam will require a \$12 billion investment (4.26 trillion cruzeiros at the commercial exchange rate), which will be provided by the PRC Government, the PRC Central Bank, and joint financing agreements within the country.

The Three Throats Dam will flood an area of over 1,000 square kilometers. Currently, the PRC has an installed capacity of 138,000 megawatts, most of which is thermal energy.

The Three Throats Dam will be built on the Yangtze River near Hubei Province in central PRC. Wu Jingru has stated that Itaipu is an excellent point of reference for the PRC project. The PRC delegation is meeting with Eletrobras [Brazilian Electric Power Company, Inc.] authorities and will soon pay a visit to Itaipu. They are also scheduled to meet with representatives of consulting firms and will return to the PRC on 16 August.

Chile

Central Postal Workers Hold 24-Hour Strike

PY1008235691 Santiago Television Nacional de Chile Network in Spanish 0030 GMT 10 Aug 91

[Excerpt] Letters have piled up in the Central Post Office due to the strike by postal workers demanding salary increases. This situation is causing delays in mail delivery that will create serious problems. For example, people on pensions will be waiting for their checks to arrive on 15 August. The 24-hour strike by the Central Post Office workers demanding salary increases caused serious delays in mail delivery. [passage omitted]

Group Opens Fire on Carabineros Station

PY1108002091 Santiago Radio Nacional de Chile Network in Spanish 1100 GMT 8 Aug 91

[Text] Last night a group of unidentified individuals attacked the Southern Carabineros station. However, no Carabineros were reportedly wounded.

The attack occurred shortly before midnight when a group of individuals started firing their rifles at the Carabineros officers guarding the front of the Carabineros station

located at bus stop No. 16, on the corner of Gran Avenida Jose Miguel Carreras and General Freire Avenue.

According to police sources, the attack was perpetrated by individuals who, after firing their weapons, fled in various directions, presumably on foot.

Shortly after the attack, Carabineros units launched an exhaustive search for the attackers along Gran Avenida Jose Miguel Carreras, starting from bus stop No. 20 up and along adjacent streets.

UDI Premises Attacked With Explosives

PY1108005291 Santiago EL MERCURIO in Spanish
30 Jul 91 p C 8

[Text] Two attacks with explosives occurred nearly simultaneously last night against offices of the Independent Democratic Union (UDI) in the districts of Penalolen and Pudahuel. Neighborhood leader Jorge Rojas was slightly wounded in the attack that took place against the premises located at 8747 San Pablo Street, where it intersects La Estrella Avenue in the Pudahuel District.

The Pudahuel attack occurred at 2245 [0245 GMT] and affected the front garden of the premises that serves as the UDI branch and the office of Patricio Melero, a deputy for that district. An explosive device exploded when a party meeting was ending, and the shrapnel wounded Rojas in a leg and an ear.

The windows of the premises were destroyed. Ten people were about to leave when the device exploded.

At approximately the same time, a similar attack was carried out with incendiary bombs against the UDI office in the Penalolen District.

Nibaldo Mora, the party's neighborhood chief, reported that no one was wounded, but the explosion started a fire that was easily put out.

He said that after the attack a group of individuals deployed a banner of the Manuel Rodriguez Front.

Bombs Damage National Renewal Office

PY1208192491 Santiago Radio Cooperativa Network
in Spanish 1700 GMT 12 Aug 91

[Text] The headquarters of the National Renewal Party in La Serena was the target of a bomb attack. The headquarters suffered some damage. The attack occurred at 346 Eduardo de la Barra Street, where terrorists threw two bombs; one exploded in the backyard and the other inside an office.

Windows, doors, and walls were broken but there were no casualties. The bombs were activated by a safety fuse.

Former Air Force Commanders Criticize Matthei

PY1108001291 Santiago Television Nacional de Chile Network in Spanish 0030 GMT 9 Aug 91

[Text] General Gustavo Leigh, former Chilean Air Force commander, and all the generals who were retired when Gen. Leigh was fired categorically rejected the comments made by former Air Force Commander General Fernando Matthei during a special interview by this television station.

In a harsh reply, the retired Air Force generals labeled Gen. Matthei as disloyal and accused him of openly lying about several events.

The retired Air Force generals who made up the High Command under Gen. Gustavo Leigh arrived in Leigh's house to deliver an official reply to the comments made by Gen. Matthei during a television interview by this television station the day he left the Air Force.

[Begin recording] [Matthei] The sweeping out of the Air Force High Command was caused by the Air Force generals themselves with less seniority than me who deserted their posts in a time of danger. I will never understand how they forgot their duties for a political passion or for strict loyalty to an individual. I condemn that attitude outright. It was the equivalent of treason, not on my part but on their part.

[Leigh] This is a public declaration by the generals who were offended by Gen. Matthei. Practically all the generals who retired in 1978 are here. Three comrades are not here because they have passed away. [end recording]

In the declaration read by General Jacobo Atala, the high-ranking officers referred to by Gen. Matthei flatly rejected his comments. They accused Matthei of disloyalty and of openly lying about several events.

[Begin Atala recording] The truth is that Gen. Matthei took over the Air Force command as a result of the illegal dismissal of Gen. Leigh when Gen. Matthei was previously informed of that decision. If Gen. Matthei labels his comrades with less seniority who decided not to serve under him as deserters, what would you call Matthei when he surreptitiously accepted the command, when before 24 July 1978 a decision already had been made to sweep out the Air Force High Command to appoint him the commander. He says he is seeking reconciliation, that he is looking to the future, but at the same time he openly discredits his former military comrades. He accused us of having labeled as traitors the generals he appointed. This is false. We only accused as traitor a single person, and this opinion we reiterate today. He talks about the loneliness of power. In the Air Force the bad commanders always have ended up alone, and we understand that this is what he is referring to. In summary, once again Gen. Matthei shows us his undefined and unstable personality that must have a name but on which we prefer not to comment. [end recording]

After the declaration was read, the retired generals refused to make any further comments. For example, General Eduardo Fournet—who is Gen. Matthei's brother-in-law—only said that with the harsh declaration this issue was put in the right perspective. The same attitude was taken by the other retired generals.

Despite the refusal of the retired generals to make further statements, Gen. Gustavo Leigh briefly answered a question on whether charges will be filed against Gen. Matthei by saying that they reserve the right to do that.

Colombia**Decree Grants Amnesty to Demobilized Rebels**

PA1308003891 Bogota Inravisión Television
Cadena 1 in Spanish 0000 GMT 13 Aug 91

[Text] The government tonight issued a new decree to grant pardon and amnesty to demobilized guerrillas. The decree will benefit those who have committed political crimes prior to 5 July, the day when the new Constitution was issued. To be granted the pardon, the guerrilla group to which the petitioner belongs must have shown its willingness to return to civilian life.

Further on Pardon, Decree

PA1308020491 Madrid EFE in Spanish 0050 GMT
13 Aug 91

[Text] Santa Fe de Bogota, 12 Aug (EFE)—The Colombian Presidency has announced that on 12 August the government issued a pardon and amnesty decree for former members of three guerrilla groups that disbanded on different dates this year after signing peace agreements.

Colombian President Cesar Gaviria signed a decree empowering the government to grant the pardon measures for political crimes committed by former members of the Popular Liberation Army (EPL); the Revolutionary Workers Party (PRT); and the Quintin Lame Indian Group, which disbanded in the first half of 1991.

According to the decree, the government, "in each individual case, can study the request for pardon or amnesty formulated by the nationals who have been convicted for crimes of rebellion, sedition, and conspiracy," committed prior to 5 July, the day when the new constitution was promulgated.

The decree establishes that to benefit from the measure, the guerrilla group to which the petitioner belongs "must have shown its willingness to return to civilian life."

Nevertheless, the decree also authorizes the government to grant the pardon or the amnesty to members of still active rebel groups, who file a request and who prove that they have laid down their weapons.

The EPL signed a peace agreement with the Gaviria government in January, the PRT in February, and the

Quintin Lame in May, one year after the 19 April Movement (M-19) disbanded and became a political party.

The Gaviria administration is holding peace talks with two guerrilla groups that continue their armed struggle. They are the Revolutionary Armed Forces of Colombia (FARC) and the Army of National Liberation (ELN), which form the Simon Bolivar Guerrilla National Coordinating Board (CNGSB).

DAS Reports Threats Against Political Leaders

PA1008024391 Paris AFP in Spanish 2315 GMT
9 Aug 91

[Text] Bogota, 9 Aug (AFP)—General Miguel Maza, director of the Administrative Department of Security [DAS], today reported that a wave of threats have been made against political leaders. The Colombian "Kojak," as Maza is called, said that the threats are mainly directed at political leaders who are preparing to participate in the legislative election scheduled for 27 October.

Even though the DAS director did not provide details, he did hint that the target of threats are those leaders who were members of the leftist guerrilla groups and who have demobilized and joined democratic life. Some of those leaders, like Antonio Navarro Wolff, have become very popular.

Navarro Wolff was second in command in the former M-19 [19 April Movement] guerrilla group. He later held the office of public health minister and also shared the Presidency of the National Constituent Assembly, which drafted a new constitution.

Various polls show Navarro Wolff as a possible successor for President Cesar Gaviria who, on 7 August, completed the first of his four years in government. Gaviria's government has provided political opportunities for the various rebel groups, thus breaking with the Colombian tradition of a two-party system in the country.

The M-19 rebels laid down their weapons in March 1990. In April 1990, their leader and presidential candidate Carlos Pizarro was assassinated. Bernardo Jaramillo, another leftist presidential candidate, was assassinated in March 1990.

The DAS has uncovered two plots to assassinate Navarro Wolff, one of the most guarded political figures in the country, and other former rebel leaders.

Communist Party Leader Views Guerrilla Talks

PA1008130391 Bogota Inravisión Television
Cadena 2 in Spanish 0000 GMT 9 Aug 91

[Report by Juan Carlos Arcienagas]

[Text] Under the leadership of the new Colombian Communist Party's [PCC] Secretary General Alvaro Vazquez, the members of the new Central Committee hope to give Colombia's left a fresh look. Intending to

adjust to world political changes, the 16th Party Congress discussed its role in the negotiations between the guerrillas and the government.

[Begin Vazquez recording] This negotiation has two aspects: On the one hand we have the military aspect—an end to hostilities, a cease-fire. We are working to that end; naturally, not as the FARC's [Revolutionary Armed Forces of Colombia] political arm. On the other hand, we have the political aspect of this negotiation. [end recording]

Vazquez said that peace will continue to elude us while the dirty war continues, while there are paramilitary and self-defense groups, and an antidemocratic stance by the Colombian Army. For the 27 October elections, the PCC intends to join forces with the Patriotic Union to run for senate on a single ballot. In addition, the PCC intends to form alliances with other left-wing sectors—except with M-19 [19 April Movement], because the PCC considers the M-19 to follow government guidelines.

FARC Willing To Negotiate at Peace Talks

PA108134491 Madrid EFE in Spanish 2255 GMT
10 Aug 91

[Text] Bogota, 10 Aug (EFE)—Revolutionary Armed Forces of Colombia (FARC) leaders reiterated today that they are confident that a definite peace agreement will be reached with the Colombian Government during the third round of negotiations that will start on 26 August in Caracas.

The FARC and the Army of National Liberation [ELN] act jointly under the umbrella of the Simon Bolivar National Guerrilla Coordinating Board (CNG) and, since June 1990, the group has attended two rounds of negotiations in the Venezuelan capital to search for peace with the Colombian Government.

In a joint communique read on the Colombian Radio Caracol Network by Alfonso Cano, FARC spokesman at the Caracas meetings, this rebel group reiterated its willingness to reach an understanding with the government delegation, as was expressed by that group's leader Manuel Marulanda, alias Tirofijo, on 2 August.

The FARC message was transmitted from their leaders' main rebel camp, allegedly in the mountains in central Colombia, marking the first anniversary of the death of Jacobo Arenas, the group's ideologist.

Latin America's oldest rebel groups said: "By ratifying Jacobo's stance today, we reaffirm our willingness and our disposition to continue looking for the road to understanding through the dialogue process."

Using conciliatory language—unusual for the FARC—the group's leaders also offered: "To contribute all we can so that in Caracas a concurrence of interests yearned for by every Colombian is reached."

The FARC recalled that Jacobo Arenas used to say: "To enter into a dialogue is not a concession by either party, it is to know how to listen to the overwhelming national

clamor for peace," and that "the Colombian crisis is of the state and not of the governments, given their transitory duration."

In the third round of talks between the government and the CNG, slated for 24 August, there will be a change in the government delegation, as Deputy Government Minister Andres Gonzalez has been appointed to another post and, in his place, President Cesar Gaviria appointed Hector Riveros.

Although the government and ELN representatives showed interest in holding the new round of negotiations before the scheduled date, the FARC claimed it would be difficult to arrive in Caracas before the scheduled date, given the distance of their camps.

Officers, Guerrillas Killed in FARC Attack

PAI308015991 Bogota Radio Cadena Nacional
in Spanish 1200 GMT 11 Aug 91

[Text] Santa Fe de Bogota—At this time, the Alto Magdalena and Cacique Piguanza Battalions of the 9th Brigade are carrying out an intensive military operation to locate the guerrilla columns of the FARC [Revolutionary Armed Forces of Colombia], which staged attacks that left 14 military officers and 10 guerrillas dead in the southern part of Huila Department.

According to the report given to Radio Cadena Nacional by Colonel Oscar Libardo Piriguez, commander of the Cacique Piguanza Battalion, the situation in that part of the country is under control.

Col. Piriguez said that for the time being, troops are still in the area, carrying out searches and manning roadblocks to locate the members of the Simon Bolivar Guerrilla Coordinating Board who are responsible for the disruption of public order in the southern part of Huila Department.

Drug Cartel Suspends Surrender of Dynamite

PAI108212091 Bogota EL NUEVO SIGLO in Spanish
8 Aug 91 p 10A

[Text] The process of drug traffickers surrendering to the judicial system underwent a serious setback when it was disclosed on 7 August that the Medellin Cartel decided to suspend the delivery of 25 tons of dynamite—the surrender of which it had been negotiating with government officials.

The decision of this organization, the principal members of which are imprisoned in the Itagui and Envigado maximum security prisons in Antioquia Department, was made public hours after Justice Minister Jaime Giraldo Angel resigned and the government replaced him with former Constituent Assembly member Fernando Carrillo Florez.

On 7 August, official sources told EL SIGLO that arrangements for the surrender of the explosives had been "quite advanced."

Nevertheless, it would seem that changes in the judicial branch made by the government, which includes the possibility of an Army officer being appointed the national prison director, as well as Armed Forces officers being designated as wardens in the Itagui and Envigado prisons, in addition to the possible resignation of Carlos Eduardo Mejia, national director of criminal instruction and his Antioquia colleague Marta Luz Hurtado, prompted the Medellin Cartel to "suspend" the dynamite delivery. According to official sources the delivery was scheduled to take place within the next few days.

Even though the principal members of the Medellin Cartel are confined in special prisons after availing themselves of Decrees 2047 and 3030, which were issued by the government to convince drug dealers to submit to justice, this organization has not yet surrendered the weapons or the explosives in its possession.

In addition, several of the main executioners of this organization, including the Munoz Mosquera brothers, are still free. Despite announcements by the Extraditables, their surrender still has not taken place.

According to sources EL NUEVO SIGLO has consulted, the delivery of the 25 tons of dynamite was scheduled to take place in Medellin within the next few days.

EPL Merges With AD M-19 After 23 Years

PAI108225191 Bogota EL TIEMPO in Spanish
9 Aug 91 p 7-A

[Text] After 23 years of fighting and 5 months participating in the legal and civilian life of the country, the former Popular Liberation Army (EPL) rebel group—today called Hope, Peace and Liberty—has dissolved and become part of the political 19 April Movement Democratic Movement [AD M-19]. The decision was made on 7 August at the conclusion of a meeting attended by Antonio Navarro Wolff and several former EPL commanders. During the meeting, they analyzed the consequences the EPL's disappearance would have for its members.

In this manner, the internal problems that caused the serious rift between former EPL leader Bernardo Gutierrez, Jaime Fajardo, Fabio Villa, and the faction led by Anibal Palacio and Dario Mejia, who believe that it was too early to talk about unity, were overcome.

On 8 August, Bernardo Gutierrez said that integrating the EPL, M-19, Quintin Lame, and the PRT [Revolutionary Workers Party] into the process of reinsertion into civilian life was one of the most important things achieved by the unification.

Yesterday morning the group, which announced that it had joined the AD M-19, released a communique on the need to intensify the electoral campaign to elect governors and congressmen.

On a second point, it contended that it would continue to participate in the democratization of the AD M-19's

internal life and "to achieve the necessary political plan that would respond to political renewal and the demands of the social movement."

It added that it is indispensable to work toward defined democratic government programs at the municipal and regional levels in 1991 and at the national level in 1994.

New Rebel Group in La Guajira Department

PA1008181991 Bogota Radio Cadena Nacional
in Spanish 1200 GMT 10 Aug 91

[Text] Maicao: A new terrorist group has appeared in Colombia. The self-designated Alta Guajira Indian Salvation Movement [Movimiento Salvacion de Indigenas de la Alta Guajira] has issued communiques in La Guajira Department, threatening to destroy the bridges and highways between Puerto Bolivar and El Cerrajon if the company that runs the coal mine does not repair the roads that their bulldozers and heavy trucks have damaged. This was reported by Uribe Mayor Ruben Almaso, who added that the group's threats were printed on leaflets that had been distributed clandestinely among the population.

Army Uncovers Terrorist Plan in Meta Department

PA108042491 Bogota EL TIEMPO in Spanish
7 Aug 91 p 15B

[Text] Villavicencio—Military units from the First Mobile Brigade have uncovered a Revolutionary Armed Forces of Colombia [FARC] terrorist plan against the economic infrastructure of the Ariari (Meta Department) region. The plan includes seizing some towns.

In El Divizo, Uribe Municipality (Meta Department), soldiers found documents in which Manuel Marulanda Velez, alias Tirofijo, orders the armed seizing of Cubarral.

The soldiers also found Army uniforms and other military material.

Military sources have reported that the seized documents make evident that in addition to seizing Cubarral, the rebels could adopt similar actions against other towns.

Fourth Army Division Commander Major General Eddy Alberto Pallares has confirmed this information.

Gen. Pallares said that according to the seized documents, the guerrilla actions are to be carried out to commemorate the first anniversary of the death of FARC ideologist Jacobo Arenas. Arenas died on 10 August 1990.

All the military battalions and units stationed in this region, as well as all police posts, are aware of the situation and, according to the commander of the 4th Division, "we are ready to face whatever may come."

Ecuador

Borja's State of Nation Speech Postponed

PA108011291 Quito Radio Quito in Spanish
2351 GMT 10 Aug 91

[Live report by Patricio Gonzalez from the Government Palace in Quito]

[Excerpts] We have regrettable news, dear listeners. Mr. Fausto Pozo, chief of the Protocol Office of the National Congress, and Miss Blanca Chavia, private secretary to Deputy Flavio Torres, acting president of the National Congress, have come to the Government Palace to advise the president and the national government that it will not be possible for the chief of state to go before the Congress this evening to deliver his state of the nation address, which, according to the Constitution, presidents should deliver every 10 August, the day when presidents are sworn in.

The congressional delegates delivered the document with this information to Secretary of the Presidency Dr. Jose Chavez, who announced that he will inform the president about this situation as soon as possible so that he can decide on what to do in view of the inability of the National Congress to receive him. [passage omitted]

[Chavez] The letter is very clear. We will make it known. It states the following: At the moment of the drafting of this document, at 1700, the session of the National Congress to elect its leadership has not concluded, therefore the National Congress will be unable to receive you to hear your state of the nation address at the scheduled time. I ask that you contact the Presidency of this body to set a new date and time for compliance with what is established in Article 78, Section O, [of the Constitution].

Respectfully yours. Flavio Torres.

Election for New Congress President Fails

PA108141191 Hamburg DPA in Spanish 0824 GMT
11 Aug 91

[Text] Quito, 11 Aug (DPA)—As a result of a lack of agreement among different political groups, the Ecuadoran Congress failed in its attempt to elect its new president last night after more than 13 hours of a long and controversial session in which five votes were taken with none of the candidates obtaining the necessary majority.

Previously the house had indefinitely postponed the report, which Ecuadoran President Rodrigo Borja was supposed to read before the congress at the beginning of his fourth and final year in office.

The decision made by the Conservative, Christian Democratic, and Social Christian Parties to abstain from voting prevented one of the leading candidates, who reached a majority in the first vote, to obtain the necessary votes in the election for the new congress president.

The finalists were Social Democrat Nicolas Issa, who had the backing of the government, and Socialist Enrique Ayala, who had the support of the populist and leftist opposition.

At 2350 (0450 GMT on Sunday), Flavio Torres, acting president of the congress, suspended the session "so that the parties could negotiate a solution."

According to the Ecuadoran Constitution, the congress should be installed with the unpostponable election of its new president on 10 August of each year, but it does not determine the procedures that must be followed if the installation of the unicameral congress fails, as happened today.

President Borja's annual report, which according to official spokesmen will have a clear political content, must be read as soon as the congress is installed, which will take place early next week. President Borja, 55, initiated the last year of his nonrenewable four-year term yesterday.

* Duran-Ballen Leads Republican Unity Movement

* Movement Organized

91SM0428A Guayaquil EL UNIVERSO in Spanish
13 Jul 91 pp 1, 4

[Article by special correspondent Arturo Tello]

[Text] Cuenca—With the appointment of Mauricio Gandara as first national director and the formation of its leadership cadres, the Republican Unity Movement was actually established yesterday afternoon. It was also announced that, next Monday, the legal procedures with the Supreme Electoral Court will begin for its recognition as a new political party, to be added to the 15 already existing.

Before the assembly, architect Sixto Duran-Ballen, around whom the motivation for creating Republican Unity revolved, commented: "I have always felt the support of the Ecuadoran people, and I believe, not for my own sake nor for what we represent, but for the country's sake, that there is a need for national unity to exist."

Something New

Duran-Ballen remarked: "The Ecuadoran people have stated in various polls that they want something new and different. And this has been proven by the speed with which action has been taken; because, within a six-week period, a membership exceeding 150,000 persons has been achieved." At the same time, he expressed his gratitude to the people of Cuenca for having been among those lending him the most support after his problem in the Social Christian Party, prompting him to cancel his membership in it.

He claimed to have held talks with other political parties, with which possible agreements are being analyzed, but did not specify their names.

As for Republican Unity's ideological alignment, he observed that it is a party desirous of being up to date, modern, of the center, and not extremist. He said that the proposals that it will make to the country as part of its participation in political activity would be varied, as the Ecuadoran people wish.

Private Assembly

The assembly was private in nature, and held in a room at the Hotel Crespo. It began with the unanimous election of Dr. Jacinto Velasquez as first director on that level of the movement. After adopting the respective resolutions, electing board members, and making an analysis of the by-laws, ideology, and government plan, the assembly was declared concluded at the end of two hours.

It was first announced that this meeting would take place at 1200 on the premises of the Cuenca auditorium; which did not occur. After 1500, what they called a public assembly was held on that site, attended by the delegates and other persons affiliated with this group. Nevertheless, it was not a massive event, because the anticipated audience was not present.

Board of Directors

The assembly elected Mauricio Gandara as first national director of the movement, and the provisional board of directors was formed with the following members: first deputy national director, architect Napoleon Cajas; second deputy director, economist Alfredo Heintz; national secretary, Patricio Aguas; treasurer, Juan Aguirre Espinoza; and national coordinator, Marcelo Fernandez.

The national council was comprised of engineer Francisco Polit Molestina, Dr. Rosalia Arteaga, engineer Manuel Felix, Susana Duran-Ballen de Paredes, Pedro Lopez Torres, Dr. Elena Mejia, Jose Orus Guerra, Laura Coloma, engineer Eddy Cantos, Dr. Teodoro Gonzalez, Alfredo Vallejo, and Darwin Cueva Guevara.

* Principles Stated

91SM0428B Guayaquil EL UNIVERSO in Spanish
15 Jul 91 p 4

[Text] "Republican Unity is emerging on the political scene at a time when the world is facing one of its greatest ideological transformations, leaving behind the outworn divisions of left and right, and offering the greatest openness known in the history of the world in the realm of international trade, scientific and technical exchanges, and a flow of information." This assertion is made in a paragraph of the statement of principles of what is, for the present, the Republican Unity Movement. Having concluded its planned program in Azuay Province, it completed the requirements for negotiating its recognition as a party.

In the city of Cuenca, Republican Unity formed its national provincial board of directors, as well as the other groups of leaders in the different areas on the provincial, cantonal, parish, and other levels. Approval

was also given for matters relating to ideology, a statement of principles, a government plan, and by-laws. Remaining now is the submission of the foregoing to the Supreme Electoral Court, so that it may review all the documentation and decide on the acceptance of the Republican Unity Party [PUR].

Party Structures

The structure proposed and approved by the assembly for the future PUR consists of: 1) National Assembly; 2) Provincial Council; 3) National Directorate; 4) Provincial Assembly; 5) Provincial Directorate; 6) Cantonal Assembly; 7) Cantonal Directorate; and, 8) Parish Nucleus.

The action fronts are comprised of farmers, tradesmen, peasants, athletes, educators, white-collar workers, business owners, laborers, women, pensioners and retirees, young people, and professionals.

The National Council consists of the national director, national deputy directors, national secretary, national coordinator, 12 voting members, a treasurer, and an alternate secretary.

Economic Integration

The PUR declares that capitalism of itself, whatever its current definition may be, does not bring happiness to society. Constant preaching and struggle for justice, in the defense of peoples and of weak, poor humans, are essential. It also claims: "We are witnesses and part of the economic and even political integration of countries which, until recently, were rivals and enemies. Markets are expanding, and the orbit of the state is becoming smaller, because the reality so requires. Countries that fail to understand the phenomenon are doomed to backwardness. People who fail to understand the transformation are doomed to sectarianism."

It adds that this requirement obliges us to decide whether we are going to become incorporated into the progress, or remain steeped in obscurity and poverty. "Republican Unity invites the Ecuadoran people to accept this challenge, to break mental chains binding our lives, and to become integrated with the updating of the cultural, political, and economic system that is currently transforming the world."

It also points out that the current status of Ecuadoran politics is depressing, giving as evidence the fact that, instead of advancing toward higher levels of civilization and culture, there has been retrogression to a primitivism with verbal and physical aggression. Erudition and eloquence have been replaced by emotion and violence, which are also attempting to prevail over reason and justice.

Republican Unity believes that the best type of government, most suited for putting its ideals into practice, is the democratic, presidentialist republic. In it the people are the origin and end of the power divided into legislative, executive, and judicial branches, with balance among them.

The role of the state must be redefined; administrative law must be created in the general and particular areas. The general framework for social and economic development must be specified, and both civil and political rights must be guaranteed. In a small country with a limited economy, laissez-faire and laissez-passer can give rise to abuse and to the annihilation of the weak. Hence, there is a need for a state that will guarantee economic freedom and a free market, regulating general activities, setting limits, and rectifying any distortions that may occur.

This, among other guidelines on education, justice, the family, equality of citizens as children of God, respect for human rights, etc., is what is contained in Republican Unity's declaration of principles.

* Duran-Ballen Comments

91SM0428C Quito HOY in Spanish 13 Jul 91 p 5A

[Interview with Republican Unity Movement unofficial "presidential candidate" Sixto Duran-Ballen, by Thalia Flores; place and date not given]

[Text] Cuenca—The presidential candidate of the Republican Unity Movement, Sixto Duran-Ballen, told HOY during an interview granted at the movement's meeting held here that he feels capable of undertaking a third election campaign.

[Flores] If you are a presidential candidate, won't this be an obstacle to Alberto Dahik's being your running mate?

[Duran-Ballen] By no means; there is no conflict between the two. If what you say should occur, we are sure that the candidacies will be made in conjunction with the Conservative Party.

[Flores] Is it your exclusive prerogative to select a running mate?

[Duran-Ballen] Definitely; it has been every time, and it will be this time.

[Flores] So, will it be Dahik?

[Duran-Ballen] We'll see about that in time. Don't ask me to talk about something that hasn't yet happened.

[Flores] Do you feel mentally and physically capable of undertaking a difficult campaign?

[Duran-Ballen] I think that those are different aspects. Fortunately, although I'm nearly 70 years old, I enjoy good health. But the other aspect will demand not only a physical capacity, but also a good moral, mental, and spiritual capacity.

[Flores] The pre-candidates are making efforts not to launch their candidacies officially. Could that be because of the cost that it entails?

[Duran-Ballen] I think that if there were a rule specifying the date of launching it would be different, but now it's left to the discretion of each individual. For the Quito

mayor's office there were only 13 weeks, and for the presidential elections, about five months. We have a little less than a year now.

[Flores] What do you think of Jaime Nebot?

[Duran-Ballen] He's a brilliant, highly intelligent young man, who has every right to be a candidate; but I think that he should have engaged in politics more gradually.

[Flores] And what about Abdala Bucaram?

[Duran-Ballen] Like every Ecuadorean, he has a right to aspire to any service, but I think he is going so in an inappropriate way. If he wants to be president, he'll have to change his style.

[Flores] There are some who consider you the Fujimori of Ecuador.

[Duran-Ballen] With a difference: namely, that the country knows me, because I have served it for 40 years.

[Flores] Do you have any plans for improving the country's economy?

[Duran-Ballen] Anyone who is elected president will at least have to attempt to make changes. Achieving this will depend on the country's maturity for accepting the fact that we can't continue as we are now. It will depend on the country and on you, the communicators, who have the tremendous obligation to support whoever attains the presidency, to create a state of mind among the citizens making them realize the need for changing our views if we want to forge ahead.

[Flores] What is your opinion of President Borja's administration?

[Duran-Ballen] I believe that an opportunity has been missed. The president has been more concerned about the international image, and less about the internal one. But there is still time to correct mistakes.

[Flores] What suggestions could you give him?

[Duran-Ballen] I'm not the one who should give them. He has his advisers, and during the coming campaign we in the parties will say what must be done.

[Flores] The CONAIE [expansion unknown] has objected to the PUR's use of the rainbow colors.

[Duran-Ballen] The piece of a poncho shown by the gentleman (from the CONAIE) is not rainbow-colored. It's like the color that you have in your suit, like the one that the gentleman has. What the gentleman from the CONAIE showed had a gamut of colors, not the rainbow. We have selected seven colors, not even in the order of the rainbow; and they are, rather, the ones appearing on the flags of the country's 21 provinces.

[Flores] Is this how you distinguish yourselves from the Conservative sky blue, the Communist red, and the Democratic Left orange?

[Duran-Ballen] At best, there was something of the sort, but the main purpose was to represent the country's provinces.

* Poll Shows Public Supports Labor Reforms 91P40392A

[Editorial Report] Quito HOY in Spanish of 19 July on page 1A reports on a poll showing public support for the labor reforms being discussed within the Ecuadoran Congress's Social and Labor committee. Of those responding, 55 percent said they favor the reforms, while 34 percent said they are against the reforms, and 10 percent did not answer. When asked whether "current labor laws discourage the creation of more companies," 58 percent agreed that the laws do discourage the creation new companies, while 35 percent said they do not, and 7 percent did not answer. The CEDATOS [expansion not given] poll was taken among an unspecified number of Quito and Guayaquil residents on 17 July.

Paraguay

Armed Forces Reorganization Bill Submitted PY0908235891 Asuncion NOTICIAS in Spanish 3 Aug 91 p 2

[First of two parts of "text" of Armed Forces Reorganization Bill submitted to Congress by the executive branch on 2 August]

[Text] Title I—About the Law

Chapter 1

Article 1. This law states the overall organization of the National Armed Forces.

Chapter 2

Article 2. The Armed Forces are entrusted with the task of guarding and defending the sovereignty and territorial integrity of the Republic.

Article 3. To discharge their duties, the Armed Forces must:

- Maintain the inviolability of the country's surface, river, and airspace borders;
- Organize, classify, and manage reserve forces;
- Preserve and guarantee internal security;
- Organize, equip, and train forces to be able to deal with any

type of aggression;

- Cooperate in civil defense efforts;
- Contribute to promoting national development.

Title II - Structure

Chapter III - Organizational Bases

Article 4. The national Armed Forces, a national institution that is organized on the basis of rank and discipline, are essential for the implementation of a policy of national security and development and are primarily based on the mandatory military service rule.

Article 5. Mandatory military service entails both a function and a specific role of the national Armed Forces in terms of guarding and providing for the national defense, and maintaining the spirit of the race and the national identity.

Article 6. Military service is governed by specific laws and regulations and consists of voluntary military service and mandatory military service.

Article 7. Rules for joining a military service are outlined in the statutes for military personnel and laws on mandatory military service.

Chapter IV - Composition of the Armed Forces

Article 8. The national Armed Forces consist of the permanent members of the Army, Navy, Air Force, and their respective reserves.

Article 9. The Army, Navy, and Air Force are designed to conduct strategic actions and independent, joint, or combined operations and other activities related to their mission.

Article 10. The Army, Navy, and Air Force reserves are organizations and personnel that must be added to the permanent staff to deal with national security-related situations.

Chapter V - Organization of the Armed Forces

Article 11. The national Armed Forces are made up of the Office of the Commander in Chief, the Office of the Army Commander, the Office of the Navy Commander, and the Office of the Air Force Commander.

Title III - Command

Chapter VI - About the Commander in Chief of the Armed Forces

Article 12. The president of the Republic is the commander in chief of the national Armed Forces, but he may delegate these powers to a general.

Article 13. The Office of Commander in Chief of the Armed Forces can only be held by an Army general, who will have the following powers:

- To exercise the actual command of the national Armed Forces, to be in charge of the training of military personnel and of the Armed Forces' overall structure to enable them to effectively discharge their duties and comply with their mission;
- To lead and coordinate with full powers the Armed Forces' movements in a theater of operations and in other designated areas, as required, to meet the objectives sought in war operations;

- To guide the Armed Forces General Staff in drawing up war plans in keeping with instructions imparted by the Council for National Defense, Mobilization, and Demobilization;
- To preside over promotion panels;
- To appoint General Staff members, general and special personnel; deputy commanders of combat units, combat support units, and training institutions; deputy directors of combat-support and service units, and special units; and chiefs of staff of combat and combat-support units;
- To take legal and disciplinary action based on military regulations against Armed Forces members;
- To send to the executive branch, through the national Defense Ministry, the Armed Forces' nominations and the organization and distribution requests; the law-abiding military rules; and the appointment of all Armed Forces members who, in addition to their command tasks also perform administrative tasks, such as requesting the promotion of generals and colonels, or their equivalent, after obtaining the Promotions Board's approval, and the promotion of senior and junior officers, or their equivalent, up to the rank of lieutenant colonel, also after obtaining the Promotions Board's approval;
- To send to the executive branch, through the national Defense Ministry, the retirement list for officers of the permanent cadre and the list for the demobilization of reserve officers; requests for the discharging of personnel who ended the mandatory military service and for the induction of citizens old enough to begin military service. The Armed Forces commander in chief also has the power to determine the number of students to enter the military schools each year, to request the promotion of enlisted men from the rank of deputy first sergeant up to main NCO [sub-official principal], to organize the use of the funds assigned to the Armed Forces, and to control the administrative work of the services directorates. He will also enjoy all other powers attributed to him by the laws, decrees, and rules;

To perform the duties of his position, the national Armed Forces commander in chief will count on the Great General Headquarters [Gran Cuartel General], which embodies the following organizations: the Adjutant General's Office, the Personal General Staff, the Armed Forces General Staff, the Intendency Service, the troops of the Great General Headquarters, the Presidential Guard, the National High Studies Center, and the Military Courts.

The position of chief of the Armed Forces General Staff can only be occupied by a division general. The following departments and directorates will report to him: from the First to the Ninth Department, the Military Publications Directorate, the Social Communications Directorate, and the Social Justice Directorate.

The following directorates and organizations report to the deputy chief of the Armed Forces General Staff: the Paraguayan Military Sports Federation, the Recruiting and Mobilization Service Directorate, the Social Assistance Directorate, the Armed Forces Physical Education School, the Center of Military Instruction for Students of

Reserve Officers Formation [Centro de Instruccion Militar para Estudiantes de Formacion de Oficiales de Reserve], the Military Geographic Service, and the War Material Service Directorate.

Chapter VII—About the Presidential Guard

Article 16. [as published]—The Presidential Guard is a special combat unit that reports to the Armed Forces commander in chief. Its functions and organization will be regulated by the law.

Chapter VIII—About the Military Courts

Article 17.—The military courts are responsible for the military jurisdictional function [funcion jurisdiccional militar].

Article 18.—The function of the military courts is regulated by the Military Courts Organizational Law, the Military Penal Code, and the Military Penal Procedure Code.

Article 19.—The Supreme Military Court will be presided over by a division general or his Navy or Air Force equivalent.

Title IV—Commands That Are Part of

Chapter IX—The Army Command

Article 20.—The Army is a ground force that conducts strategic operations, and plans, prepares, and conducts operations of its organizational units, and of those under its control, which it supports in the fulfillment of their specific functions.

Article 21.—The actual Army command is exercised by a division general, who also exercises the operational command of all the ground units under his chain of command.

Article 22.—The General Headquarters, the Army Corps Commands, the Logistics Command, the Military Teaching Institutes Command, the Army Artillery Command, the Army Engineering Command, the Army Communications Command, and the Army special troops are part of the Army.

Chapter X—The Army Corps

Article 23.—The Army Corps is the Army command in charge of conducting the specific ground missions entrusted to it by the Army Command.

Article 24.—The Army Corps are a major structure for basic and advanced training.

Each Army Corps consists of: a) The General Headquarters, b) combat units, c) Combat Support units, d) Combat Service Support units, and e) border detachments.

Article 25.—The territorial jurisdiction of the Army Corps includes: a) Army Corps Zones and b) Division Zones.

Article 26. Commanders of Army Corps Zones perform territorial functions that are directly subordinated to the Army commander.

Article 27. Division Zone command posts are part of an Army Corps Zone and are subordinate to it. They consist of: a) headquarters, b) units and subunits for combat and services, and c) other units.

Article 28. Division Zone command posts are charged with: supervising the implementation of mandatory military service, preparing and executing mobilization of personnel and equipment in the area, and managing and controlling services and other organizations within their jurisdiction in keeping with orders from the Army commander.

Article 29. The actual commander of an Army Corps must be a division general.

Chapter XI - The Logistics Command

Article 30. The Logistics Command is an Army branch that organizes, leads, coordinates, and supervises logistical activities by Army services.

Article 31. The Logistics Command will carry out a number of tasks that include the evaluation of services outlined in contingent war plans; and how to obtain, transport, and distribute supplies needed for mobilization.

Article 32. The actual commander of the Logistics Command must be a division general.

Article 33. The following units are part of the Army Logistics Command: its headquarters, the Quartermaster's Directorate, the Health Directorate, the Technical Service Directorate, the Agricultural Service Directorate, and the Military Bands Directorate.

Article 34. Other services may be created at the request of the Logistics Command.

Chapter XII—The Military Training Institutions Command

Article 35. The Military Training Institutions Command is an Army branch that organizes and supervises the activities of training institutions.

Article 36. In times of peace, the Military Training Institutions Command is in charge of planning, guiding, coordinating, and monitoring the professional and cultural training of all military personnel. In times of war, it either trains military personnel or brings their training up to date.

Article 37. The actual commander of the Military Training Institutions Command must be a division general.

Article 38. The Military Training Institutions Command is in charge of maintaining academic coordination among Army, Navy, and Air Force training institutions.

Article 39. The Military Training Institutions Command consists of its headquarters, the General Staff and Command School, the Officers' Training School [Escuela de Aplicaciones], the Marshal Francisco Solano Lopez Military School, and other military academies.

Article 40. The Military Training Institutions Command may request the organization of other training institutions.

Chapter XIII - The Army Artillery Command

Article 41. The Army Artillery Command is a large combat support unit subordinate to the Army commander.

Article 42. The actual commander of the Army Artillery Command must be a brigadier general.

Article 43. Implementing regulations concerning the organization and functions of the Artillery Command will be issued at the request of the Army commander.

Chapter XIV—About the Army Engineering Command

Article 44. The Army Engineering Command is a large combat support unit subordinate to the Army commander.

Article 45. The actual commander of the Engineering Command must be a brigadier general.

Article 46. Implementing regulations concerning the organization and functions of the Engineering Command will be issued at the request of the Army commander.

Chapter XV—About the Army Communications Command

Article 47. The Army Communications Command is large combat support unit subordinate to the Army commander.

Article 48. The actual commander of the Communications Command must be a brigadier general.

Article 49. Implementing regulations concerning the organization and functions of the Communications Command will be issued at the request of the Army commander.

Second Part of Armed Forces Bill

PY1008010891 Asuncion NOTICIAS in Spanish
4 Aug 91 p 8

[Second and final part of "text" of Armed Forces Reorganization Bill submitted to Congress by the executive branch on 2 August]

[Text] Title V

Chapter XVI—The Navy Command

Article 50. The Navy is a force charged with conducting strategic naval operations. The Navy plans, prepares, and conducts operations through its organizational units and through the ones placed under its control, to which it lends support in discharging their specific functions.

Article 51. The actual commander of the Navy must be a senior officer with the rank of vice admiral.

Article 52. The Navy consists of its headquarters, combat units, combat support units, combat support and service units, special units, training institutions, and naval areas.

Article 53. The area of jurisdiction of the Navy includes: a) every course of navigable water, lakes, and islands located within the national territory; and b) naval areas and other installations.

Article 54. Naval areas are organizations designed to guard and defend the nation's riverbanks, ports, rivers, or maritime areas of interest, as well as the protection and control of traffic in maritime courses [as published], rivers, and lakes.

Title VI

Chapter XVII—The Air Force Command

Article 55. The Air Force Command is a sector within the national Armed Forces charged with conducting specific airspace missions that are entrusted to it by the commander in chief of the Armed Forces.

Article 56. The actual commander of the Air Force must be an Air Force division general.

Article 57. The Air Force Command consists of its headquarters, combat units, combat support units, combat support and service units, training institutions, and other installations.

Article 58. The territorial organization of the Air Force consists of air bases and other installations.

Article 59. The air bases are part of the Air Force infrastructure designed to lend support to air operations.

Title VII—Territorial Organization

Chapter XVIII—Territorial Division

Article 60. For the purpose of coordinating the Armed Forces jurisdiction, the country will be divided into zones, regions, and areas.

Article 61. The factors on which the territorial division are based are: a) The presence of the Armed Forces in a theater of operations, as well as in internal and defense zones, b) the presence of the Army in Corps Zones and division areas, c) the presence of the Navy in naval areas and other installations, d) the presence of the Air Force in air bases and other installations, e) the geographical

and specific characteristics of each region within the national territory; and g) the country's political and administrative division.

Article 62. The mission and installation of large units responsible for territorial jurisdiction, as well as the determination of their area of responsibility, will be established in accordance with the law.

Article 63. Units, including Air Force facilities, located in the zone of jurisdiction of an Army Corps may be brought under the operational control of this corps as long as the commander in chief of the Armed Forces has previously issued an order to this effect.

Title VIII

Chapter XIX—About the Operational and Territorial Commands

Article 64. The commands will discharge operational or territorial duties.

Article 65. The Operational Commands will be concerned with all matters linked to the organization, direction, coordination, and control of its elements to carry out specific missions.

Article 66. The Territorial Commands will be concerned with the territorial defense against foreign actions or with conflicts that jeopardize the internal order. They will also be concerned with the recruitment and administration of the reserves; the preparation of the mobilization and military training of the reserve cadres; the defensive organization of the territory against land and river attacks and air strikes; the security, control, and protection of the borders and the cooperation for the operation of the basic services that are essential for the life of the population of the country's various zones.

The Theater of Operations Command will be comprised of elements of more than one branch that will be concerned with carrying out joint or combined military operations in a given area.

The Defense

Article 67. The Zone of the Interior Command will be comprised of elements of more than one branch that will be concerned with carrying out joint or combined military operations to oversee the security in the Zone of the Interior.

Article 68. The command of the Zone of Defense, Zone of the Army Corps, is of a permanent nature. In peacetime, this command comprises the entire national territory and in case of war it comprises the portions of territory that, by superior orders, are included in the theaters of operations.

Article 69. It is possible to create in the Armed Forces of the nation other commands comprised of elements of the three branches for their use in military actions.

Article 70. These commands are comprised of the General Headquarters and elements of the three forces.

Title IX—The Organization of the Armed Forces in Wartime

Chapter XX—Organization and Composition

Article 71. In wartime, the nation's Armed Forces are comprised of the Army, Navy, and Air Force, and their respective reserves when they are called and mobilized.

Article 72. The organization of the Armed Forces in wartime is the same as the one established for peacetime with the difference that their strength and equipment will be computed in accordance with a wartime table of organization and equipment.

Article 73. It will be possible to organize other special forces with the goal of carrying out specific missions.

Chapter XXI—Mobilization

Article 74. The National Congress will authorize the executive branch to mobilize the citizens of the reserve in case of a risk of an international war.

Article 75. The commander in chief of the nation's Armed Forces will be able to order the preparatory measures of the mobilization before it is authorized.

Article 76. The mobilization can be general or partial in accordance with national security requirements.

Article 77. The mobilization is compulsory for all called or mobilized Paraguayan citizens.

Title X—General Provisions

Single Chapter

Article 78. The administrative duties of the nation's Armed Forces will be discharged by the National Defense Ministry.

Article 79. The executive branch will establish the regulations for this bill.

Article 80. Law 832, dated 25 November 1988, and all the provisions [contrary] to this bill are hereby abolished. Communicate this to the executive branch.

General Romero Explains Armed Forces' Views

PY1308010691 Asuncion HOY in Spanish
11 Aug 91 pp 10, 11

["Exclusive" interview with General Regis Anibal Romero, chief of the Military Household of the Presidency, by Gustavo Garcia; date and place not given]

[Text] [Garcia] How long will the current round of talks called by the Armed Forces last?

[Romero] The political and socioeconomic transition process our country is going through is a commitment for

all of us. One of the major commitments is dialogue. This commitment is being fulfilled with the participation of various sectors of society with whom we are engaged in assuming the great and long-desired responsibility of seeking national reconciliation. A decision has been made to achieve this reconciliation, and this round of talks will continue for as long as necessary because we want to create, along with everything else, a basis for this reconciliation...

[Garcia] What guidelines must be followed to build that basis?

[Romero] We must be fully aware of what kind of future we want for the fatherland, and we must practice the principles of equality and justice. Moreover, we must not forget such indispensable factors as tolerance and an ability to understand. We must have a broad outlook that is committed to a harmonious, consolidated future, and a willingness to forget offenses. For us, these factors represent the basis for a clear, firm future for the fatherland...

[Garcia] Are disagreements, arguments, and confrontations included in the military proposal for better relations with other sectors of society?

[Romero] Times are different, and talks, therefore, play a more important role. Dialogue on essential matters does not mean subordination, consent, or understanding from the very beginning. If this were so, it would mean that we have achieved nothing. On the contrary, we hope that the military proposal for reconciliation will become a source of continuous debate so as clarify for everyone the basis for institutional reorganization of the country in the quest for perfection.

[Garcia] In addition to the sectors that have already been called on to participate in talks, please name the other sectors that will participate in the talks.

[Romero] The president of the Republic and commander in chief of the Armed Forces has given us guidelines for holding these talks with all sectors of society. We have a profound interest in adjusting our institution to the sociopolitical changes that are taking place in the country. We reiterate our desire for broad participation, without exclusions. Thus, we have decided to call senators, deputies, businessmen, communications media, journalists, church dignitaries, unions, federations, etc.

[Garcia] What are the main objectives of this initiative?

[Romero] This initiative stems from our commander in chief; interpreting and considering the people's desire for reconciliation, he decided on and suggested realization of these rounds of talks. A high-level commission of Armed Forces commanders has been created to seek points of agreement, correct some flaws, and determine the roles to be played by political parties, the Armed Forces, unions, businessmen, and other sectors of society

in general under the single democratic principle of respect for and subordination to the laws of the Republic.

[Garcia] What would be the effects and related achievements of this military proposal?

[Romero] The Armed Forces are very much interested in collaborating on the country's well-being. To achieve better levels of well-being we must all struggle together so that the current process can be projected into the future in order to gradually strengthen at all levels of coexistence what we all hope for and aspire to—national harmony.

[Garcia] What are the Armed Forces' commitments in light of the demands of the democratization process?

[Romero] The Armed Forces are part of the people; therefore, they are deeply committed to the process and its success. The demands of the current process call on us to reflect on the true national situation; therefore, we would like to emphasize—with true modesty—our unity in our desires and objectives in the call for a civilian-military dialogue. This new relationship can be a determining factor in the consolidation of democracy. We believe in the representatives of all sectors of the community will know how to deal with society's differences. These differences must be managed and solved, however, within a legal and political framework in order to guarantee the rights of all the people who make up the various sectors of Paraguayan society.

[Garcia] What is the ideal Armed Forces for the country?

[Romero] The Armed Forces are a disciplined, obedient, and nondeliberative institution. They are subject to the basic laws of the nation and to the regulations that make up the Republic's legal system. Professionalization and institutionalization of the Armed Forces are the best ways to firmly establish the basis for a democratic system of government. Those who dream of the past, who want to prevent the unpostponable necessity to carry out the social changes our people need, must not once again make a mistake. It cannot be denied that without freedom, little or nothing can be achieved to strengthen national reconciliation, which is necessary to better solve our people's needs.

[Garcia] Can you tell us about the changes that may be necessary in the Armed Forces?

[Romero] After the 2 and 3 February coup, the military leadership changes coup pertaining to reorganization of the Armed Forces and control of national territory were significant events that now are allowing us to adjust our institution to the country's current socioeconomic and political situation.

[Garcia] What is the true, sincere ambition of Paraguayans who have chosen a military career?

[Romero] Our commander in chief wants every Paraguayan to visit military garrisons throughout the country

in order to find out and ask about our military activities. We have nothing to hide. On the contrary, we want to present our activities and face the criticism that citizens may make about our activities because criticism can be very useful.

[Garcia] What doctrinary and political actions are still to be undertaken?

[Romero] We are carrying out the tasks of depoliticizing, modernizing, and professionalizing the Armed Forces in order to make better use of personnel. The tasks that are still pending are new civilian-military relations and a new strategy for policies on security and defense. Some of them have already been implemented, but, as we all know, time is needed to achieve consistency between the various actions.

[Garcia] What civilian-military links could be created or consolidated?

[Romero] As an example, we have the isolation of the military and intelligence systems, which should gradually establish more fluid communication and exchange with the civilian structures of political power.

[Text] [Garcia] Will the proposed relationship be limited only to those sectors you have mentioned?

[Romero] Of course not. Interaction must be fully, but gradually, achieved because the relationship must seek to reduce mutual fears and eliminate mutual ignorance of each other among the different sectors. The proposal for interrelationship and joint actions to outline national defense and security policies is a requirement and a condition for placing ourselves among more developed nations.

[Garcia] Has this interaction been consolidated? Will it exclude some sectors?

[Romero] We want to consolidate interaction and transform it into a routine action—as it should be—for all sectors to work together and understand one another in a democracy; that is, without exclusions. It must include the political, union, business, and union sectors, etc. All sectors. No one can be excluded so that a reduction of the fears, distrust, and other factors that have divided Paraguayan society can be achieved through contacts.

[Garcia] How will these Armed Forces' objectives be achieved?

[Romero] Our professional objectives—such as the military hierarchy, depoliticizing the Armed Forces, and giving up police functions—will be the result of intense technical, conceptual, and ideological work. Only with severe, consistent work will we be able to achieve professionalism and an institutionalization of the Armed Forces without any involvement with political parties...

[Garcia] What do you intend to achieve with that?

[Romero] Naturally, to achieve a new image of Paraguay's military institution as a guarantor or, at least, a supporter of the task to consolidate Paraguay's nascent democracy on solid, long-lasting bases.

[Garcia] Our country is facing the responsibility of amending its Constitution, agrarian policy, and tax system; of abolishing privileges and impunities; of recovering national capital that has been sent abroad; and of guaranteeing foreign investment, among other things. What is, then, the Armed Forces' degree of commitment and support for an effective, long-standing solution to the problems that hinder our development and perpetuate injustices?

[Romero] Since February 1989, the nation's Armed Forces—committed to the people who have entrusted them with the weapons for national defense—have admitted and accepted the institutional flaws resulting from an authoritarian and dictatorial regime. We even understand those who provoke arguments among themselves in a process of transition. It is for this reason that the Armed Forces are assimilating and following the important changes in the agrarian policy and the tax systems capable of attracting investments that will generate development, and will promote laws that boost production. It is appropriate to mention that within the institutional framework, we seek a national security that will promote confidence, credibility, and stability, relying on the citizenry's intelligence and practical actions to interpret the complex definition of national security in modern times. Moreover, we reiterate the just society to which we all aspire is based on equality among all citizens.

[Garcia] The Armed Forces do not accept the idea that more than military training, the thousands of recruits must also be trained to carry out the great national plans such as vaccination, education, construction of roads and low-cost housing, and creation of departmental, zonal, and regional vegetable gardens. What is your opinion of this idea?

[Romero] I want to remind you once again that the president of the Republic and Armed Forces commander in chief wants to consolidate full interaction between civilians and military, although he is aware of the existence of several factors such as social endogamy and education within a closed structure where people are taught concerns, ideas, and values different from those that are taught in universities or other educational institutions. Work in the garrisons is carried out without contact with the people. The realization of activities divorced from social reality and from geographic needs must be overcome so as to make room for changes that will permit progressive confidence in the Armed Forces by civilian society, political society and the government. You can rest assured we will establish training to encourage and support the youth with special abilities.

[Garcia] How can the Armed Forces contribute to controlling and eliminating the causes of our national deficit in health, housing, education, etc.?

[Romero] Above all, we have the will to establish permanent contacts with representatives of all the country's social sectors. This attitude should be understood and used. The new role of the Armed Forces includes guidelines for achieving rapprochement with civilian society. All Armed Forces officers have been called on to maintain an open attitude, a will to associate and cooperate with the people in general.

[Garcia] Would the reform proposed by the Armed Forces curtail some of the rights of the next president; especially, if he is a civilian?

[Romero] We reiterate that there is no doubt about the predisposition of the Armed Forces to actively participate in the consolidation process toward democratization. The reforms being implemented in the new military legal system reveal the thoughts of our commander in chief. He has a clear will to structure the Armed Forces within a framework of professionalism and non-party institutionalization. Our commander in chief demands an understanding of the current situation in order to face the future. I believe, therefore, that the people will build the road to democracy in a coherent manner. Our commander in chief believes—and we concur—that democracy is a political doctrine that gives control to the people. I believe this answers your question.

[Garcia] Will the spirit of the February 1989 revolution—which among other things seeks to reestablish confidence in the Armed Forces—be firmly maintained if a civilian candidate—even if he is not a Colorado Party member—is elected in 1993?

[Romero] The nation's Armed Forces, as an institution, are respectful of the general principles of the law, and they are subject to political power. We would like to point out something that some people have apparently forgotten: We, the members of the Armed Forces, have been committed to the future of the Paraguayan people ever since February 1989. We took part in the actions on the night of the Candelaria [2 February religious ceremony] to return political freedom to the people. We will stay away from political activities and will return to the role established for us by the Constitution. Let me reiterate that the political administration will be strictly respected in accordance with the Constitution and the laws. This is a firm decision adopted by the Armed Forces; therefore, it would be very difficult—if not to say impossible—to paralyze or change this process. On the contrary, our desire is to strengthen it.

Peru

Polish Priests, Mayor Killed in Terrorist Action

PA1008195191 Lima Radio Programas
del Peru Network in Spanish 1814 GMT 10 Aug 91

[Reported by Fernando Granda]

[Text] Good afternoon. This is Huaraz in the Chavin Region. The temperature is currently 20 degrees. The Polish priests, who were murdered by alleged subversives early this morning in Pariacoto, 93 km to the west of Huaraz, have been identified. They are: Zigniew Sprazigolway, 37; and Michel Rodak, 40. These two priests were working on social welfare programs that benefited the district's poor children. Huaraz prosecutor Sabi Anaya Castro moved the bodies of the victims and ordered they be sent to the city morgue for a legal autopsy by Dr. Enrique Paredes Palacios. Later, the bodies will be embalmed, transferred to Lima, and repatriated to their place of origin.

We also report that the mayor of the district was also murdered during this terrorist action and that the rebels abducted an Italian nun for more than 12 hours. She was finally released and after five hours reached the Yautan community and reported the unhappy event at the police station.

Arrest of MRTA Leader in Pucallpa Reported

PY1208225291 Madrid EFE in Spanish 0223 GMT
8 Aug 91

[Text] Pucallpa, 7 Aug (ANDINA)—This evening local police confirmed the arrest in this town of Tupac Amaru Revolutionary Movement [MRTA] leader Stalin Davila Pereyra, whom police had been tracking for some days. A police source said that the arrest took place at Yarinacoya Cemetery last night while Davila was leading an MRTA cell meeting by candlelight.

When the subversives noted the presence of a combined military-police force, they fled in different directions, but Navy forces headquartered in this city followed Davila and arrested him at his house. Davila attempted to pass himself as a "comrade" [companion], but he was found to be carrying firearms, bombs, and subversive propaganda, all of which unveiled his terrorist activities.

In brief remarks to his captors, the MRTA chief admitted that he took over as chief a short time ago because his comrades threatened to kill him if he refused.

The police said that the arrest was significant because it could lead to other arrests that could be critical in the fight against subversion and violence.

Tupac Amaru Guerrillas Kill Six Policemen

PA1008212791 Lima Global de Television
Network in Spanish 0100 GMT 9 Aug 91

[Text] The Interior Ministry on 9 August officially confirmed the death of six policemen as a result of a fierce attack on a police station in San Jose de Sisa, 200 km southeast of Tarapoto, by approximately 300 members of the Tupac Amaru Revolutionary Movement, who also attacked an Army detachment, public buildings, and banks.

It has been reported that the rebels suffered an undetermined number of casualties.

Shining Path, Traffickers, Peasants Viewed

PY1008004991

[Editorial Report] In a 4,500-word report published in two parts on pages 13, 14, and 15 of the 31 July issue and pages 13, 14, and 15 of the 1 August issue, Francisco Reyes, a reporter of the Lima newspaper LA REPUBLICA Special Investigation Unit, comments on the enslavement of Valle del Ene peasants by the Shining Path terrorist group since 1989.

The report explains that 800 peasants have been freed by members of the Apurimac Valley Peasants Defense Patrols with the help of the Army and quotes reports by the peasants on the hardships experienced under "President Gonzalo's" tutelage.

The peasants, who are mostly undernourished and sick, report that some 10 years ago they began migrating to the valley to work in cacao plantations and to settle in Ceja de Selva. "About seven years ago, the Ashaninka Indians who lived in the region attacked with bows and arrows any settlers who entered the jungle, forcing them to leave," a peasant explained. The alleged "no-man's land" became the backdrop for daily clashes between the two parties until Father Mariano Gagnon established his Franciscan mission there. At that time some of the peasants extended their cacao plantations while others began to grow coca and prepare cocaine paste. The price of cacao decreased gradually while the price for coca leaves and cocaine paste increased. Another conflictive situation also arose when some peasants became wealthier and more important than others and began to exploit the poorer ones. In 1989 the Shining Path terrorist group skillfully took advantage of these conflicts, implementing one of the Maoist Manual teachings: "Contradictions among the people must be exploited." Thus, the Shining Path began to dominate the region.

The report details the hardships that the Shining Path domination has created for the peasants, quoting reports by peasants who managed to escape the terrorists after "seeing whole families killed while trying to escape." The peasants also report on the Shining Path daily indoctrination, which is like that of the most fanatic religious sects.

The report continues: "Allied to drug traffickers, the Shining Path virtually dominated the Valle del Ene as of 1989. Three months ago, however, the Apurimac Valley Peasants Defense Patrols began freeing dozens of native communities and enslaved peasants." It adds: "The first Antisubversive Civilian Defense [Defensa Civil Antisubversiva, Decas] of the Low Apurimac River, which is known as 'Second Headquarters [Sede Dos],' was established at Puerto Mayo," whose governor "Sato" is now the president of the "Second Headquarters" of the Peasants Defense Patrols.

The report adds: Following the establishment of "Second Headquarters," the Peasants Defense Patrols began to multiply and the Shining Path had to retreat for the first time after many years of domination. According to the report, the Shining Path began to settle in the Valle del Ene many years ago, when the "Commander Huayhuaco" Peasants Defense Patrols, supported by the Army and the Navy, expelled them from the Apurimac River area and cut the flow of money and foodstuffs supplied to them by the drug traffickers. The Shining Path commander in the Valle del Ene was executed shortly afterward because "he became one more drug trafficker," with "houses in Lima and a fleet of trucks." A Shining Path leader known as "Lino" then became the head of the terrorist group in the valley and strengthened the group's grip over the region by obtaining "sophisticated weapons" from the drug traffickers. By 1989, when "Lino" decided to expel "reactionaries and bourgeoisie" from the region, Father Gagnon, the traders, and the owners of large estates, and the drug traffickers who had protected the terrorists and given them weapons, were forced to leave the valley.

"In May 1989," the report continues, "the Shining Path decreed the establishment of the first 'New State' in the country" and gave the people eight days to rejoin the reactionaries—taking with them nothing but the clothes they were wearing—or stay and "fight in the party [not further identified] lines." Many peasant families found it hard to leave their belongings behind and decided to stay. In July 1990 the Shining Path planned to attack the military base at Pichari before the year was over, but they were defeated by "Sato" and his peasants' defense patrols.

The report concludes by quoting "Sato": "The war has not ended yet," adding: "The main objective now is to free the 10,000 settlers who are still enslaved by the Shining Path," because "we want to extend the peace we have achieved to all our brothers in the Valle del Ene, but to do that we need the government's help."

Shining Path Decried Main Human Rights Violator

PY0908230391 Lima EXPRESO in Spanish
2 Aug 91 p 6

[Text] The Congressional Special Peacemaking Committee has stated that the Shining Path terrorist group is the country's main violator of human rights because most of the people killed last year (3,206) were victims of this subversive group.

Socialist Left Senator Enrique Bernales Ballesteros, chairman of this committee and of the UN Human Rights Commission, has said that the peasants are the main victims of violence in Peru.

According to charts prepared by the committee, the Shining Path is responsible for most of the 164 attacks perpetrated during July. The Tupac Amaru Revolutionary Movement [MRTA] comes second and the drug traffickers are third.

Commission on Increased Number of Missing People

PY0908235391 Lima LA REPUBLICA in Spanish
29 Jul 91 p 17

[Excerpt] The Human Rights Commission [Comisedh] has reported that a total of 142 people, who have been arrested by police and military personnel in the presence of relatives and witnesses, have disappeared during the first year of President Fujimori's administration.

This information contradicts the statement by representatives of the executive branch, who said that "human rights violations dropped by 50 percent or occurred under the previous administration." [as published]

The mysterious disappearance of detainees during the first year of Fujimori's administration reveals an alarming situation considering the high number of casualties and the mechanisms employed by security forces in areas declared in state of emergency.

The instances of human rights violations reported to the attorney general's office is higher than that reported by the Comisedh. The Human Rights Department of the General Prosecutor's Office has reported that over 300 people disappeared during the first year of President Fujimori's administration.

The Comisedh charges military men and police officers with human right violations since 1983 when, for the first time in Peru, people were forcefully taken from their houses.

A study conducted by Comisedh reveals an alarming increase since 1990 in the participation of Civilian Defense Committee and Peasant Defense Patrol members in actions in which people were forcefully taken from their houses, especially in Ayacucho. [passage omitted]

New Embassies, Foreign Posts Announced

PA1208123491 Lima Global de Television
Network in Spanish 0100 GMT 8 Aug 91

[Text] Peru will open embassies in the Kingdom of Malaysia, the Republic of Indonesia, the Republic of Singapore, the Kingdom of Thailand, and the Republic of Finland. A consulate general will be established in Auckland, New Zealand, and a commercial office in Taipei, according to Government Decree No. 0013, announced by the Foreign Ministry. The decree states that, within the policy to achieve economic and financial integration, to sponsor foreign trade, and to receive foreign investment and cooperation, it is essential to use the Foreign Ministry's resources to establish those representations. The Foreign Ministry will decide how it will rationally use appropriations from the Foreign Diplomatic Service Program to finance the establishment of those representations.

Teachers Given Until 9 Aug To End Strike

PA0908194191 Lima Panamericana Television
Network in Spanish 1200 GMT 8 Aug 91

[Text] The deadline set by the government for the striking teachers to return to work expires on 9 August. Education Minister Oscar de la Fuente said that those who do not do so will be replaced by newly hired teachers. Meanwhile, leaders of Sutep [Trade Union of Education Workers] have rejected this measure and announced the continuation of the strike.

[Begin recording] [De la Fuente] The country cannot fail to notice the government's efforts to hold direct talks with the union leadership. It has exhausted every possibility so that a satisfactory agreement can be reached using the resources the state has available. A number of options were proposed at the beginning of the negotiations, including salary increases and the improvement of working conditions. All this was proposed within a respectful bilateral framework. Unfortunately, when the time came to make decisions, the conditions set by the union leadership did not allow for the continuation of this framework because what is at stake is education, which is the most important issue. We have set a 48-hour deadline, in other words until Friday, 9 August, for all teachers and administrative personnel to return to their jobs. Once the deadline expires, the teachers will have five days and the administrative personnel will have three days before they are declared as having abandoned their jobs and are therefore dismissed. Once the vacancy exists, the ministry and all the appropriate institutions are empowered to initiate a hiring process, based on a system of transfer or promotion of those teachers who have returned to work or who have continued to work. They can also hire retired or laid off education workers, such as directors, administrative personnel, or teachers. They can hire education students in their last year at higher education centers and the education departments of universities to guarantee the normal development of classes and prevent the loss of the school term.

[Unidentified teachers' leader] The reply of the Sutep, the Sutase [not further identified], and other workers of the education sector is to resist the government's unconstitutional, arbitrary, and punitive measure. Therefore, the strike will continue until a solution is found at the highest level.

[Unidentified reporter] You will continue to strike even though it has been declared illegal?

[Teachers' leader] Of course. That improvised declaration of illegality is unconstitutional.

[Reporter] There are members of the rank and file who want to return to work. Are you going to give the teachers who want to return to work the freedom to do so?

[Teachers' leader] With much freedom and democracy in the consultation process, the teachers have decided to continue the strike. Therefore, the problem you mentioned does not exist.

[Reporter] What do you call the teachers who are returning to work?

[Teachers' leader] They are an absolute minority of teachers who have been hired by the government. Because they were afraid of the government decrees, they registered for employment but they have yet to be paid.

[Reporter] What is needed for the Sutep to end the strike?

[Teachers] The July salaries must be paid, the IGV [General Sales Tax] must be legalized at one percent, and the appropriate legal documents must be issued to guarantee the fulfillment of the agreements we have reached with the education minister. [end recording]

Roundup of Terrorist Activities 23 Jul-2 Aug PY0908221191

[Editorial Report] Following are reports on terrorist activities in Peru compiled from Peruvian papers published between 23 July and 2 August. Publication information is given in parentheses after each item.

The Ayacucho National Police have arrested Luis Gamboa Yauri, 20 years of age, a member of the Shining Path political command of the 1st sector in Huamanga. He admitted participating in several terrorist attacks. The police also arrested Pablo Huaytalla, 26 years of age, a member of the logistical command of the support committee 1 of the Revolutionary Movement for the Defense of the People in Huamanga. (Lima EL COMERCIO in Spanish 23 Jul 91 p A 10)

Huancayo, 31 July—A 13-year-old boy was killed and his 17-year-old brother seriously wounded when a dynamite stick thrown by terrorists in the Emadi housing district exploded. (Lima EL COMERCIO in Spanish 1 Aug 91 p A 11)

Urcesino Ramirez Rojas who was arrested by the police a few days ago is reportedly a member of the group of intellectuals of the Shining Path. He was an adviser of leftist Senator Carlos Malpica Silva Santisteban and of the current Energy and Mines Minister Fernando Sanchez Albavera when the latter was a congressman. Ramirez was an adviser to the Chamber of Deputies and the Bicameral Budget Committee. Ramirez is a graduate of the Economy School of San Marcos University. He also worked in the Custom House Department and as chief of Planning and Budget in the Economy and Finance Ministry. (Lima EL COMERCIO in Spanish 1 Aug 91 p A 10)

Members of the Technical Police have arrested Shining Path subversive Carlos Alvarado Dominguez during a routine check on buses on the central highway. The police seized subversive propaganda and blueprints of public buildings. (Lima LA REPUBLICA in Spanish 1 Aug 91 p 26)

Pasco, 1 Aug—Alleged heavily armed Shining Path members who entered the Quivilla district, Dos de Mayo Province, have murdered the local mayor, Magno Vera Mena, 30 years of age, and his 14-year-old son. The subversives reportedly also kidnapped three Italian citizens. (Lima LA REPUBLICA in Spanish 2 Aug 91 p 26)

Uruguay

Agreement Signed With Poland's Skubiszewski PY1008212691 Montevideo EL PAIS in Spanish 3 Aug 91 p 8

[Text] It has been officially reported that Uruguay and Poland signed an agreement yesterday on reciprocal guarantees for investments as a new step for strengthening trade relations.

Polish Foreign Minister Krzysztof Skubiszewski and his Uruguayan counterpart, Hector Gros Espiell, announced in a news conference the signing of another agreement to prevent double taxation in bilateral trade and the exchange of notes for the suspension of visas for travelers from the two countries.

Gros explained that the treaty is similar to the one signed with Germany—which is now in effect after Congress approved it—and with other countries "to appropriately guarantee foreign investments and to establish a satisfactory rule in case of conflicts."

Uruguay is also negotiating agreements on reciprocal guarantees for investments with Spain, France, Belgium, Switzerland, and the Netherlands, among other countries.

Skubiszewski said Poland is negotiating with Uruguay on the possibility of investing in ship construction, transportation, and communications, and especially in river transportation between countries.

He added that Poland plans to enlarge the operations of its fishing ships in the South Atlantic, which are based in Montevideo, where shipyards and factories could be built to repair its ships.

During the meeting the two foreign ministers held with President Luis Alberto Lacalle, a study was made of the possibility of starting services of a Polish airline between Warsaw and Montevideo, which would be extended to Argentina.

Skubiszewski said that he was "very much satisfied" with the talks held with Gros Espiell and Lacalle during a visit that, according to diplomatic sources, will extend to 11 August despite previous announcements of a five-day visit.

Gros Espiell said the agreements signed on 2 August, which still need congressional approval in the two countries to be valid, "will facilitate and improve economic and commercial relations, as the modern world requires they do."

The elimination of visas, Gros said, is "a way of contributing to maintaining smooth ties between both countries in economic, cultural, and social aspects," because the elimination of visas will remove a roadblock to the travel of businessmen, tourists, and cultural exchange groups.

As for the talks about an airline, the Polish minister affirmed that Uruguay will accelerate negotiations so that it will soon be in operation.

Skubiszewski said: "For the time being, the air service will be only for Uruguay, Argentina, and Brazil."

The Polish minister will end his visit to Montevideo on the afternoon of 9 August with a news conference on "international security in Central Europe" at the Diplomatic Institute. Later he will travel to Punta del Este, a tourist resort 140 km from Montevideo, where he will stay until 11 August.

IDB Loans To Help Reduce Foreign Debt

PY1008003191 Montevideo Radio El Espectador
Network in Spanish 1000 GMT 8 Aug 91

[Text] Uruguay will receive a \$150 million loan from the Inter-American Development Bank [IDB] this month. It will be used to reform the financial system. The loan includes \$58 million that will help pay off Uruguay's foreign debt with the international commercial banks.

The IDB reported that this loan is the first to include money to be used to reduce the foreign debt. Uruguay argued that the goal of the government is to significantly reduce the debt with the international banks and thus improve the balance of payment and the public sector accounts. Uruguay argued that the loan would help economic growth, speed up a program of deregulation, strengthen the financial system, streamline the institutions that comprise the financial market and increase their efficiency and competitiveness, and strengthen the mechanisms of bank supervision.

The credit will also support the economic structural reforms that were implemented within the framework of the World Bank financed adjustment program. The \$150 million loan matures over 20 years, has a five year grace period, and has a floating interest rate which at present stands at 7.89 percent per year.

The IDB has also approved a \$1.7 million technical cooperation loan that will be used to strengthen the Bank of Uruguay and the Uruguayan Mortgage Bank. Economy and Finance Minister Enrique Braga will travel to the United States this weekend to sign the contracts with the IDB.

Economy Minister Comments

PY1008222891 Montevideo Radio El Espectador
Network in Spanish 1000 GMT 9 Aug 91

[Text] It has been learned that the government will make important announcements on economic policy and future economic policy guidelines on 21 August.

This information, without further details, was supplied by Economy and Finance Minister Enrique Braga at the Congress building after the end of a congressional session.

In an informal talk with journalists, Minister Braga said he would not supply further details on this issue. He noted that he will travel to the United States and will return on 19 August.

Concerning his trip, Minister Braga said he will secure a \$150 million loan from the IDB and from other entities that will be primarily used for the reconversion of the industrial sector, envisioning the Mercosur [Common Market of the South].

The Uruguayan economy and finance minister said he is not worried about certain opinions on the existence of an overvaluation of local currency. He also downplayed the importance of a conflict between some Bank of Uruguay officials and the Central Bank of Uruguay chairman, adding that this is a minor issue.

Concerning the announcements, no mention was made whether they would be made over a national network or in a news conference.

Let us now consider another aspect of Minister Braga's visit to the United States and the significance of the foreign aid.

It will be great news, said the economy and finance minister, who actually talked about his trip to the United States to formalize aid for Uruguay. This aid will be used to reform some industries and for the reconversion of other industries, envisioning the Mercosur. The aid also will be used for the Mortgage Bank's financial rehabilitation. It will supply the necessary funds for a solid housing program and will be a shot in the arm for the Bank of Uruguay to have a solid basis to act as a development bank.

These are the main goals of the great news contents—a veritable Marshall Plan for Uruguay. As you may recall, after World War II, the United States financed Europe's industrial reconstruction with very large injections of money. This plan was created by General Marshall; this initiative was finally called the Marshall Plan.

At the Economy Ministry, there were different opinions on the possible contents of the announcements. The sources refused to further elaborate on this issue, but emphasized that Braga himself will make the announcements upon his return from the United States.

Despite efforts by reporters, it was impossible to obtain more details on this veritable Marshall Plan to which Uruguay will gain access.

The Bank of Uruguay could protect its resources with a basket of currencies and the Mortgage Bank will have enough funds to fully resume its activities on the basis of a long-term soft loan with a seven-year or eight-year grace period.